



# THE INDEPENDENT

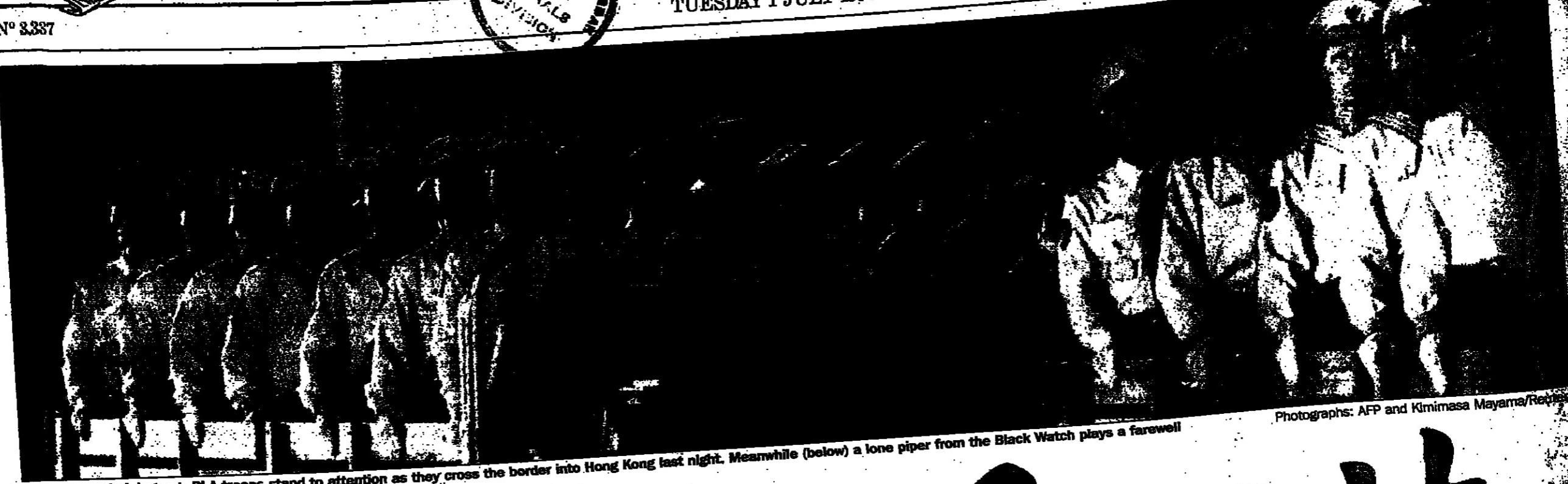
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TUESDAY 1 JULY 1997

WEATHER: Cloudy with showers

(R45p) 40p



Photographs: AFP and Kimimasa Mayama/Reuters

**Rolling in and piping out:** PLA troops stand to attention as they cross the border into Hong Kong last night. Meanwhile (below) a lone piper from the Black Watch plays a farewell

# 再見香港

(Goodbye Hong Kong)

Steve Crawshaw  
Hong Kong

Never has there been such an extraordinary end to British rule, full of so many mixed emotions. As the first deafening fireworks exploded over Victoria Harbour yesterday evening to celebrate the handover of Hong Kong, the first pro-democracy banners were already being unfurled.

At the midnight ceremony where independence for the former colony was simultaneously granted and removed, Chinese and British flags fluttered photogenically in an artificial indoor breeze. The Prince of Wales told the assembled VIPs in Hong Kong's convention centre: "We shall not forget you, as you embark on this new era of your remarkable history." But Hong Kong knew that its battles would be its own.

Minutes after its return to China was complete, the leader of Hong Kong's most popular party spoke from the balcony of the legislative council building - a council from which the democrats have been excluded in the new Hong Kong. Martin Lee, leader of the Democratic Party, described this as "a very happy day". But he told the cheering crowds: "Hong Kong ruling Hong Kong does not just depend on whether China gives that to us. We must all struggle together."

At the stroke of midnight, a British guard of honour handed over the Prince of Wales barracks, Britain's former military headquarters, to a small group of officers of the People's Liberation Army. Then, at dawn this morning, thousands of Chinese troops were due to pour into the territory, by ship, helicopter and armoured car. Some Hong Kongers, especially in the villages of the New Territories, were waiting to greet the arriving soldiers as conquering heroes, with flowers, flags and speeches. But others were less enthusiastic. Mr Lee pointed out: "Now we're part of China, so we don't need troops to protect us from China. Is it the intention to intimidate Hong Kong citizens into silence?"

In Peking, thousands of police cleared Tiananmen Square to allow the official celebrations to take place. The authorities, apparently worried that people might start chanting slogans about democracy instead of slogans of joy about Hong Kong, banned spontaneous demonstrations of any kind.

At Britain's early-evening farewell ceremony, accompanied by a Hong Kong downpour (traditionally supposed to bring good luck), Mr Patten declared: "Today is a cause for celebration, not for sadness." Hong Kong had originally become British in circumstances that

attended by President Jiang Zemin. Each of them spoke their non-native Mandarin Chinese, as spoken in Peking. Alison Chan, the respected chief secretary who has retained her post as number two in Hong Kong, was among those who may have felt a twinge of uneasiness at the oddness of her situation - being sworn in, with the blessing of Communist leaders whose commitment to democracy and human rights has been proved to be slight.

The bewigged judges were sworn in, in the presence of the

Communist leaders. Even more bizarrely, while the Hong Kong Chinese judges had to speak Mandarin at the ceremony, the territory's English-speaking judges had a separate swearing-in, in English.

A little after that came the swearing-in of the new legislature - until now, known as the provisional legislature. Their speedy promotion ended a legal vacuum, and allowed the new legislative council, consisting of appointees acceptable to Peking, to overturn laws which had been passed by the outgoing elected assembly. Robin Cook, the Foreign Secretary and Madeleine Albright, the US Secretary of State, both boycotted the swearing-in of the new legislature - but later decided to send diplomatic representatives, to the anger of the democrats.

Yesterday's events marked a giant leap into the unknown. It is possible to analyse, to guess, to argue. But the reality is that nobody - not Britain, nor Hong Kong, nor China - knows what will happen next.

Already, there have been many signs that Peking wants to erode freedoms which it regards at best as irrelevant, at worst as dangerous. In the words of the Christine Loh: "It's like a headache. Not a migraine that flattens you, but a dull, thudding headache that bothers you all the time." The new chief executive, Tung Chee-hwa, has promised elections for next May. But the terms of the elections are still unclear. President Jiang spoke enigmatically of the need to "gradually develop a de-

determined not to venture out of their hotel on to the streets of Hong Kong during their brief stay before returning to Peking.

They are mortally afraid of the knock-on effect of incorporating feisty and irreverent Hong Kongers into the People's Republic of China, where respect for the regime is compulsory. Only in the years to come will anybody know how Hong Kong will be changed by China, or if Communist China has more to fear from Hong Kong's own home-grown democracy.

Ms Loh, leader of the Citizens Party, was hopeful. "My greatest fear is that we go back into the colonial mode of just being bystanders. But there's a core of Hong Kong spirit. I know what it is, because I'm living it. Those freedoms are tested at the edges. And people here are getting more and more vociferous."

It is not the kind of remark that the new sovereign power wants to hear.

ECA ELECTRONIC ARTS

## COUNTDOWN TO MELTDOWN

### Soaking June set to drench all records

Alexandra Williams

Drought warnings were issued last night even though this month will probably enter the record books as the wettest June this century.

The Environment Agency was quick to highlight the country's water shortage after another miserable day in many parts of the country, while weather officials could not rule out the possibility that it will be the wettest June for 18 years.

In June 1879, there was 137mm of rain and 129mm in 1982. By 10am yesterday only 2.6 mm more rain was needed for June 1997 to slot into the record books as the wettest this century.

Andy Yeatman, spokesman for the Meteorological Office in London, said: "My suspicion is that June will break the 1982 record. The figures date back to 1727 and are derived by measuring the rainfall recorded at a number of sites across England

and Wales. Rainfall readings for the 24 hours ending at 10am on Tuesday will be included in the June rainfall total. That's when we'll know the grand total."

"Eastern England has experienced some rain today. There's been little elsewhere but I wouldn't rule out June breaking the 1879 record as well."

The Environment Agency's Director of Water Management, Dr Geoff Mance, said: "We are still effectively missing six months of winter rainfall

which is essential for refilling groundwater supplies. The areas that rely on groundwater are still suffering from drought."

"The rainfall has been welcome and played an important role in reducing customer demand. People haven't had to water their gardens and in fact demand has reduced so much over the last month that it is now at the same level that it was 20 years ago."

Although June was the wettest month since January

1995, the period between April 1995 and March this year was the driest two year period for more than 200 years.

Essex and Suffolk Water customers are still being told to conserve their water. Last night the company said that there were no plans to lift hose and sprinkler bans enforced on 12 June.

Southern Water kept its sprinkler ban despite 99-year-old rainfall records being broken in Hove, Sussex.

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X-rated Internet  
British experts will next week propose cinema-style ratings for Internet sites to a meeting of European ministers, with the backing of the US and Australia.

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The author Jilly Cooper (right) and other literary names were behind the tills as well as on the shelves at Hatchards bookshop in Piccadilly, central London, yesterday, to celebrate the royal bookseller's 200th anniversary, writes Louise Jury.

Antonio Carluccio, the restaurateur, was in cookery on the third floor, and Sebastian Faulks could be spotted in biography on the ground floor.

The bookstore has had celebrations underway for some time with its annual authors of the year party in May attended by authors such as AS Byatt, Hammond Innes, PD James and Salman Rushdie.

Photograph:  
Tony Buckingham



# Authors brought to book over missing deadlines

Louise Jury

It was a move likely to send a shiver down the spine of every author in the land. The American division of HarperCollins has cancelled 70 books because the writers missed their deadline.

Though the publishers' British arm was insisting yesterday that no such drastic action was contemplated here, the very notion gave some literary agents and writers appalled. Missed deadlines have been long regarded as par for the course.

David Godwin, agent for writers including Ben Okri and current bestseller Arundhati Roy, said what had happened in America was "extraordinary, shocking, ridiculous".

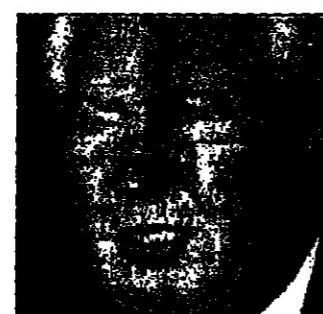
"Nearly all authors are late. Probably 10 per cent are on time, but most are late for all kinds of perfectly obvious reasons," he said. "It would be catastrophic to have that kind of rule of thumb. It's just an excuse - they are just trying to get rid of most of their books."

Certainly the company in America has been having a tough time. It posted losses of around £4.5m for the last quarter of the financial year.

In Britain it has, like many publishers, been cutting back its lists of new titles in recent years from a peak of 600-700 to 500 now. However, it still points proudly to a list of authors from Jeffrey Archer to JG Ballard and Jung Chang.

Giles Gordon, agent for Fay W-

Better late than never? Four authors in the slow lane



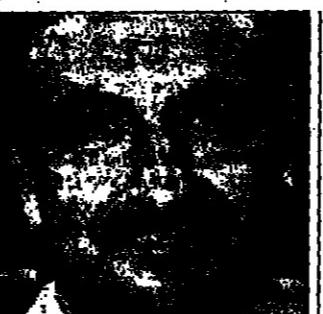
SIR EDWARD HEATH

Has toyed with the idea of memoirs since leaving office in 1975. He signed a contract with Weidenfeld in 1985, but no book has been forthcoming. This year signed a new contract with Hodder Headline.



NORMA MAJOR

She admitted that probably her time of greatest anxiety was when she was writing her book about Chequers. "I felt very pressured by deadlines passing."



DOUGLAS ADAMS

The author of *The Hitchhiker's Guide to the Galaxy* is notorious for needing bullying to produce. His editor, Sue Freestone, moves to his home to oversee writing when deadlines loom.



SHIRLEY CONRAN

Earlier this year, she announced she was suing her publishers for alleged breach of a £750,000 contract. She said she had agreed two postponements for her new novel, but made the final deadline. They thought she was four days late.

its lists like the American division of HarperCollins.

"Books do get cancelled and it's very frustrating and difficult for authors," he said. But traditionally the publisher-author relationship was considered "crucial" and publishers tried not to upset it.

"Things have changed a lot though. There used to be great talk about loyalty. But the whole state of publishing is in such flux that publishers are no longer loyal to authors so authors move about more than they did."

Alice Thomas Ellis, the novelist, said she was good at deadlines when she was writing journalism Books were a different matter.

"I had to run like hell with *A Welsh Childhood*. I was idling along and then the deadline started to loom," she said.

About 18 months ago, she agreed to write a new book that was due this November. She has written a page and a half and has to go to Mexico for some research. It will be late.

Tony Lacey, publishing director of Penguin, said his company had some contracts that went back as much as seven or eight years. Some authors were notorious for their tardiness.

Academic publishing was less concerned about deadlines because the advances were small therefore there was less money outstanding. Deadlines were more of an issue with big advances. "Throwing the money out there into a hole is a bit alarming."

So you don't like Mondays? It's all in your mind

Jojo Moyes

The grumpy mood and inability to get out of bed that characterises many people's Monday mornings may be all in the mind, according to a new study.

Research to be discussed at the annual meeting of the Royal College of Psychiatrists, which begins today, found that people who believe that they will suffer from the "Monday Blues" are more likely to experience them.

Giles Croft, a 24-year-old medical student who designed and carried out the study, set up three sample groups of 22 people. One group received a copy of a "report" entitled: "Monday Blues - The Myth", which refuted the existence of Monday-related depression and, using graphs, emphasised that it was no different to any other weekday.

The second received a report entitled "Monday Blues - Herc to stay", emphasising the bad moods associated with Mondays and illustrated with a graph "proving" this. The third group received nothing at all.

All participants also wrote a "daily mood diary" for two weeks, in which they wrote measures of how they had felt and ranked days of the week retrospectively in terms of feelings.

"We used the 'Monday blues' because they're not a recognised phenomenon. We used them because I thought I would be able to manipulate people into thinking they did or didn't exist," Mr Croft said.

The results showed that on Mondays the "anti-blues" group reported significantly more positive feelings (enthusiastic, inspired and strong) than the "pro-blues" group. When average scores for each day were ranked, the "pro-blues" group rated Monday as the worst day of the week, while the "anti-blues" did not.

The manipulation appears to have worked for concurrent reports yet when asked to recall how they felt over two weeks afterwards each group came back saying Monday was the worst. They persuaded themselves with hindsight."

Mr Croft concluded that direct manipulation of expectations can affect mood. This, they say, could have implications for the way people see themselves in clinical situations, for example, their expectations of illness. It also shows, they say, the "relative unreliability" of retrospective self-reports of mood.

## Hold on a second; this is the year's longest. And it matters

Charles Arthur  
Science Editor

Despite appearances, today is the longest day of the year. Whereas every other day simply has 24 hours, today has a total of 24 hours and 1 second.

Due to the Earth's slowing rotation, alert insomniacs awake at 1am this morning would have heard six pips, rather than five, before the long pip at the hour. The extra second was added on at the same time across the world, so that satellite systems and high-speed data links

would not find themselves out of step, depending on their time zone. Without such coordination, navigation equipment could become catastrophically misaligned, leading airplanes to fly off course. Happily, the adjustment also

means that the millennium will occur on time.

While the need for the extra "leap second", added on at 0000 GMT, might not have been obvious with older timepieces, modern atomic caesium clocks are so accurate - to less than one second in

300,000 years - that they can detect the varying rotational speed of our planet, caused by the interaction of tidal "friction" from the gravitational pull of the sun and Moon, and the fluid composition of the Earth's core.

The International Earth Rota-

tion Service, based at the Paris Observatory, determines from time to time that an extra second must be added to the time. Today's was the 21st leap second to be introduced since the caesium-based "Universal Coordinated Time" (UTC) was adopted in 1972.

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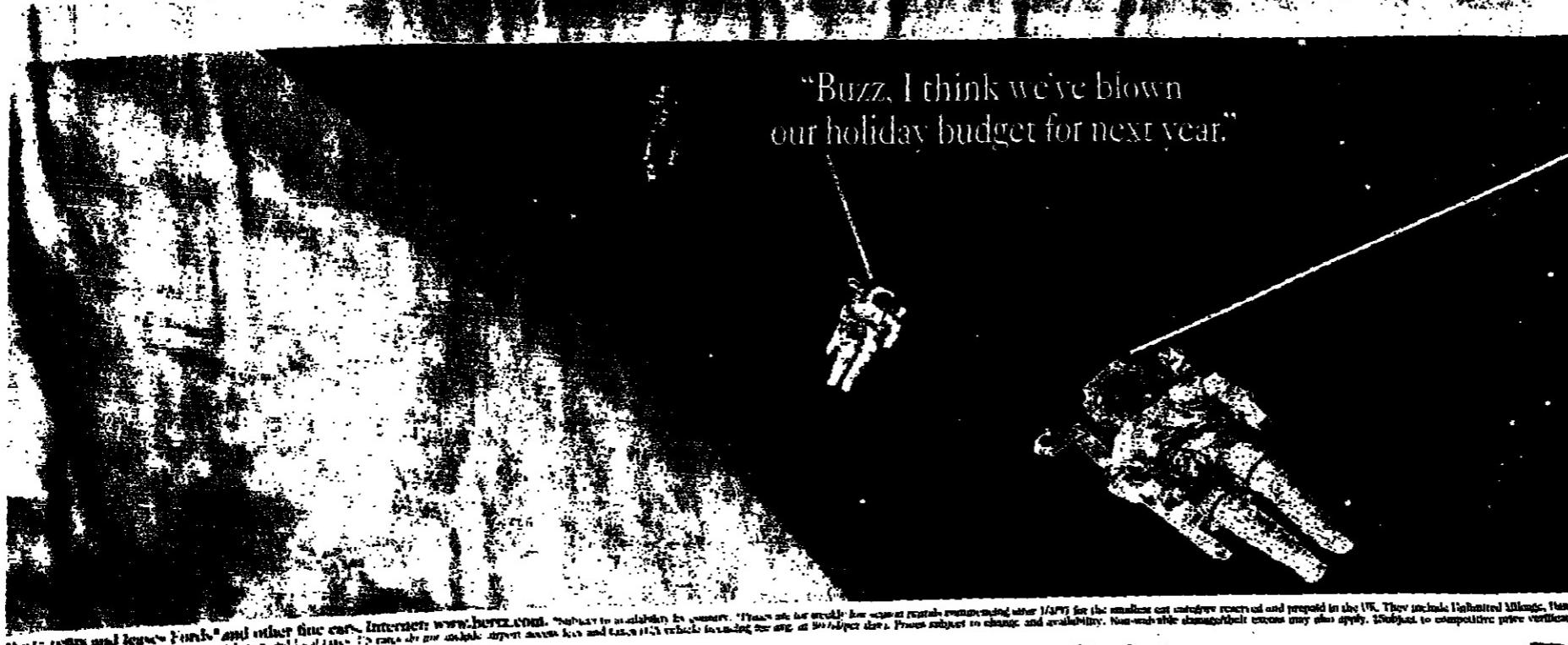
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## news

# BA tries to head off a second strike

Talks are to be held aimed at averting damaging strikes at British Airways after a second group of workers voted to walk out.

While hopes rose of a peace formula to head off industrial action by the airline's ground staff, cabin crew made a call for 72-hour strikes. The recommendation, made at a meeting near Heathrow Airport, will be put to the Transport and General Workers' Union general secretary, Bill Morris, for approval today. A union spokesman said the

mood of the branch members was "determined".

Robert Ayling, chief executive of BA, said last night that he was prepared to discuss the terms and conditions of employees at the company's catering division which is to be sold off.

The union earlier in the day announced that 4,150 of its BA airport workers had voted for strikes in protest at the sell-off with 2,485 against in a turnout

of nearly 70 per cent. Mr Ayling refused to rule out negotiations on a pay and conditions deal imposed on stewards and stewardesses which prompted a 70 per cent vote by cabin crew for action. But prospects for such talks seemed to be less likely.

Mr Morris pointedly remarked that calls for strikes by cabin crew staff would not be irrevocable and simply constituted a recommendation. Mr

Morris reserved the right to take the final responsibility. That could mean action being suspended while talks took place.

Mr Ayling welcomed a letter from the transport union leader which paved the way for talks over the dispute involving ground staff. He said the company had been calling for discussions on the catering sell-off since 17 April and saw no reason why there should not be a

"sensible agreement within the next couple of days". He believed he enjoyed "a good personal relationship" with Mr Morris.

While not ruling out negotiations with cabin crew, he repeated his assertion that their representatives had walked out ahead of the strike. He said the company had been calling for discussions on the catering sell-off since 17 April and saw no reason why there should not be a

crew section of the transport union, to put aside "militant language" and discuss its future relationship with BA.

If either of the strikes went ahead, Mr Ayling said the airline was determined to keep services operating "as normally as possible", but it was too early to assess what kind of impact industrial action might have on the timetable.

George Ryde, national official of the TGWU, said the 62.5 per cent strike vote by the airline's airport workers was exceptional given the "frothy pressure and intimidation" they had suffered at the hands of management. He accused the company of "industrial terrorism".

Managers had told his members that they had been instructed to threaten them with dire consequences if they opt-

ed for walkouts. He warned that there could be safety implications if newly recruited strike breakers helped to operate aircraft. The £300 a day some of them had been offered, would be welcomed by his own members.

Mr Ryde called on the company to negotiate "in an adult and mature way" so that the threat of strikes could be lifted.

The T&G official warned that the action would not be limited to Britain and that he had elicited support from abroad.

**Behind the wire, loyal staff learn the airline's secret strategy to break a union**

Barrie Clement

If British Airways is hit by industrial action, management will have considerable difficulty in emulating the industrial coup de grace delivered by Rupert Murdoch at his Wapping plant more than a decade ago.

Despite dismissing 5,000 of his print workers, Mr Murdoch produced all four of his newspapers with the help of a "ghost" army of new recruits. Robert Ayling, chief executive of BA, has already lined up a large group of temporary workers to keep the airline's flag flying and with the help of managers and non-strikers will doubtless be able to provide a timetable of some sort if cabin crew and ground staff walk out. Unlike the media baron, however, there is little chance of a full service from day one.

Apart from the attentions of pick-



Photograph: Chris Jones

Flying squad: British Airways managers are learning how to stow baggage and tow planes into position at an RAF base at Wroughton in Wiltshire

ets and the inevitable delays caused by inexperienced staff, Mr Ayling will be unable to control the activity – or lack of it – of airport workers abroad.

The Transport & General Workers Union has spent much of the last year garnering support from foreign unions – especially in the USA and Europe. The International Transport Workers' Federation argues that even if BA aircraft are loaded and take off from Heathrow and Gatwick, they could well find that

there is no one at their destination

to unload the plane or refuel it.

Workers in most other developed countries are unfettered by laws banning secondary action introduced by the last government. In many cases there would be no means of forcing reluctant employees to process BA flights.

Management's best hope would be that the international pledges of support fail to materialise as they have in most other industrial conflicts.

While George Ryde, national official of the transport union, has been

soliciting solidarity abroad, the airline has made its own detailed preparations under the so-called "snow plan". As revealed last December by *The Independent*, some 1,600 managers – about half the total at Heathrow – have been trained to break the strike. Many of them have been taken to RAF Wroughton, Wiltshire, where they have been shown how to stow baggage and freight and tow planes into position.

The "snow plan" was originally conceived as a means of providing

between 50 and 75 per cent of services during severe weather. Under "snow plan Mark II" managers will be charged with keeping a limited timetable operating. Documents seen by the newspaper showed managers would need to work as ground staff for between four and six weeks until contractors could be brought in.

It is also thought that the company has been training new cabin crew. While under normal conditions it takes six weeks to prepare stewards and stewardesses for flights, the ba-

sic safety skills can be imparted within a week, although fresh recruits would have to work under the supervision of experienced personnel. With the help of members of Cabin Crew '89, an organisation which broke away from the TGWU, the airline could keep aircraft in the air.

Senior managers have told members of the smaller union and non-trade unionists that they would attempt to ensure protection against over-zealous pickets and offer means

of smuggling themselves into work. In a ploy reminiscent of the Wapping dispute, strike breakers were also promised secret collection points for coach services. Others will have taxi fares of up £15 paid and those who chose to use their own vehicles have been assured that car parks would be guarded.

If the dispute goes ahead the determination to win on both union and management, would ensure that the dispute became quite as bitter as the conflict at Wapping.

## Child sex couple fight for right to remain anonymous

Glenda Cooper  
Social Affairs Correspondent

A couple convicted of "horrendous" sex crimes against children had their human rights to a private life breached when police informed a caravan site owner they were living on his site, the High Court heard yesterday.

They were forced off the site as a result with fewer rights than gypsies, left with "no place to hide".

The couple, who cannot be named for legal reasons, have had to move house four times in six months. They say that North Wales Police unlawfully leaked their records and are seeking the legal right to keep their identities secret from the public.

The case was heard yesterday in the High Court by Britain's most senior criminal judge, the Lord Chief Justice, Lord Bingham.

ham, sitting with Mr Justice Buxton.

Presley Boxendale QC, for the police, argued that their action amounted to "taking steps to prevent crime". She said police had feared an influx of children into the North Wales caravan site as the holiday season began.

Paedophilia has been a sensitive issue in the area since the murder two years ago of seven-year-old Sophie Hook.

In the case heard yesterday, the couple had originally tried to set up home in Blyth, Northumbria, after being released from prison.

Thwarted there, they moved to Colwyn Bay but were discovered by the press and then moved on to the caravan site.

On the 27 March this year, the police informed the site owner of their identity.

Stephen Solly QC, for the

couple, said that this was a "step too far – unjustifiable, unreasonable and unlawful."

He said as a result the couple had "come close to answering the ancient definition of outlaws ... devoid of the benefit of law or kings" – in modern parlance they had "nowhere to run, nowhere to hide."

The barrister said it had been "foolhardy" to reveal the identity of the couple in this way in that it could have led to vigilante attacks and the police did not follow them to check on their safety.

"They [the couple] were afraid of personal repercussions. The applicants were very concerned not to be found out by the public as it was potentially dangerous."

The lawyer said the police had acted outside their powers. "They had to use the caravan owner to do what they wanted

to do themselves. They knew they were treading on dodgy ground."

He asked why the police had not instead put the couple under surveillance or instead informed more suitable people. "There is nothing wrong in principle with informing head teachers or parents in that sort of position."

But Ms Boxendale said the case had been "carefully considered at senior level after multi disciplinary discussions". She said the police's motive had been to prevent crime because the couple had presented a "grave risk to the public".

She denied that the police had been motivated by a Not In My Back Yard – Nimby – attitude with both police and other agencies trying to settle the couple in the area rather than making them move out.

Judgement was reserved.

## Council gives way to pressure for independent abuse inquiry

Louise Jury

Buckinghamshire County Council yesterday bowed to government pressure and agreed to set up an independent inquiry into the abuse of mentally disabled people in two private care homes.

After long resisting calls for further investigation, the council acted within hours of a stern request from the health minister Paul Boateng who met authority last week.

Mike Appleyard, chairman of the social services committee, said that the issues had been

studied by the Department of Health, the Social Services Inspectorate and the Local Government Ombudsman. But they agreed with the minister that "another detailed look at this long-running and complex case may be helpful". The council will set up the inquiry as soon as pos-

sible and the results will be published, Mr Appleyard said.

Residents at two homes run by Longcare Ltd in Stoke Poges, Buckinghamshire, were subjected to physical and sexual abuse over a 10-year period.

Angela Rowe, the former co-owner of the homes, was jailed for two-and-a-half years last month for ill-treating residents in her care. Another member of staff was also jailed and another fined. Her husband, Gordon, committed suicide a day before he was due to be charged by police.

Families of victims were severely critical of Buckinghamshire council, which had failed to detect any signs of abuse despite being responsible for regulating the homes.

Mr Boateng was understood to have been unhappy with answers he received from members of the council at the

meeting last week. In his letter to David Shakespeare, the council leader, yesterday, Mr Boateng said there were still lessons to be learned about the way Buckinghamshire had carried out its regulatory powers.

"After my long discussion with your member and officers I remain concerned that the magnitude of the risk to people with learning disabilities receiving residential and other services is not properly appreciated in your authority."

He said an inquiry should examine the decision not to cancel the registration of Longcare immediately the abuse was discovered. It should also look at the adequacy of the current services for people with learning disabilities and the effectiveness and reliability of residential care homes.

Mr Boateng said: "I am determined that perseverance and

courage shall be the hallmarks of a regulatory system which must be seen to protect weak or vulnerable people."

The decision was welcomed by Pauline Hennessey, whose late sister Janet Ward was said to have been raped by Gordon Rowe. Mrs Hennessey said:

"I'm absolutely delighted. The families feel that an awful lot could be learned from the failures of Buckinghamshire. It's an important step forward for people with learning difficulties for their protection in future."

Kevin Greaves, a solicitor representing several victims who seek compensation, said the families had long wanted an independent inquiry. However, he asked that it should not delay any civil proceedings. The council should not be allowed to use the inquiry as a reason to put off court hearings on the compensation issue, he said.

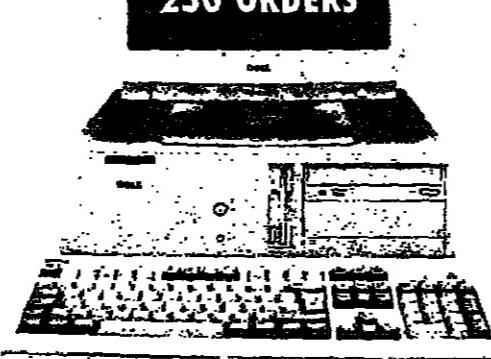
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# Internet could get cinema-style X-ratings in purge on porn

**Charles Arthur**  
Science Editor

British experts will next week propose cinema-style ratings for Internet sites to a meeting of European ministers, with the backing of the US and Australia.

The move is part of an attempt to censor the level of sexual and violent content that would be available to children over the sprawling global network – though opponents say it could instead lead to the widespread curbs on free expression.

However, David Kerr, chief executive of the privately-funded Internet Watch Foundation, which since December has acted as a clearing-house for reports of obscene material in Britain on the network, is confident that his group has devised an effective form. "The case for ratings is a very strong one, in that it doesn't block anybody's right to speak," he said yesterday.

He will address ministers next Monday in Bonn at the "Global Information Networks" conference. He expects them to "endorse and move forward" the proposals, which are being developed with the Australian Broadcasting Commission (ABC) and RSAC, a commercially-owned US group.

Mr Kerr is also planning to meet ministers at the Home Of-

fice and the Department of Trade and Industry.

Malcolm Hetty, of the Campaign against Internet Censorship in Britain, pointed out that ratings systems can lead to bizarre contradictions: for example, they might prevent children reading a fiction story in which a boxer bites off an opponent's ear, and yet "news" sites could show video clips and reports of Mike Tyson doing just that to Evander Holyfield. "It would rate as highly offensive in a ratings system, but almost every newspaper has decided it's highly newsworthy and put it on the front page."

A ratings system would generally be used by the creator of a web site to put "labels" visible only to computer software detailing the sexual, violent and other age-related content of a site. Parents could set label-reading software to prevent children viewing sites that were rated as too "adult".

Mr Kerr said the backing of the US and Australia was crucial. "It's not effective to set up a UK system on its own ... but with ABC and RSAC we can get a world approach to ratings."

He admitted that "news" sites could prevent a problem, and added that Internet Watch had already recognised others: "Many Shakespeare plays go beyond the violence and sexual



Too hot: Britain is keen to get backing for Internet censorship to protect children from indecent material

## Hillsborough relatives win fresh inquiry

**Kathy Marks**

It took the screening of a television programme, and a change of government, but yesterday relatives of football fans who died at Hillsborough finally secured a review of how the disaster was handled.

The Home Secretary, Jack Straw, told the House of Commons that Lord Justice Stuart-Smith, a senior Court of Appeal judge, would scrutinise new video and medical evidence relating to the deaths of 96 fans at Sheffield Wednesday's Hillsborough stadium in April 1989.

Mr Straw said that the judge would advise him whether the evidence, which is believed to challenge the police version of events at the stadium, was significant enough for a full public inquiry to be held.

Lord Justice Stuart-Smith would also examine any other material submitted by interested parties, he said, and would identify any relevant evidence for the Attorney General, the Director of Public Prosecutions and the Chief Constable of South Yorkshire police.

Mr Straw's statement followed a long campaign for a fresh investigation by families of the victims, who were invited to London to be briefed by him on details of the review.

The supporters were crushed to death after police decided to open gates to let people into the Leppings Lane terrace at the FA Cup semi-final match between Liverpool and Nottingham Forest.

Mr Straw said: "I hope that this examination will enable us to establish conclusively whether or not material evidence ... has been overlooked. We owe it to everyone touched

by the tragedy, but above all to the families of those who died, to get to the bottom of this matter once and for all."

Despite earlier inquiries, he said, "concerns have remained about whether the full facts have yet emerged". The suffering of relatives had been "exacerbated by their belief that there are unresolved issues which should be investigated further".

The video evidence consists of a tape taken from a surveillance camera trained on the Leppings Lane stand, which shows events between noon and 5.22pm and is believed to be clear enough to identify faces of individual fans. Police told the inquest in 1990 and an inquiry by the late Lord Taylor that they were unaware of the build-up of fans in the pens because the camera was not working.

Calls for a fresh investigation gained momentum after the broadcasting last December of a documentary drama by Jimmy McGovern, which suggested that officers must have known that the terraces were severely overcrowded.

The medical evidence suggests that more could have been done to save lives. Dr Ed Walker, who treated injured fans, says that one teenager was still alive 25 minutes after the coroner decided that the victims must have been dead. The families believe the new evidence calls into question the inquest verdicts of accidental death.

Lord Taylor laid most of the blame at the door of the police.

Since the tape came to light in March, the Crown Prosecution Service has been reviewing the case to establish whether there is sufficient evidence to bring charges against any police officers.

Darcey and a nice little mover head for the Royal Ballet's new home



Vintage move: Darcey Bussell and Stuart Cassidy, gear up for the Royal Ballet's transfer to Labatt's Apollo theatre in Hammersmith, west London. Photograph: Laurie Lewis

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6  
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**British Medical Association conference:** Leaders say extra NHS cash must come from public funds

# Doctors reject extension of patient charges

**Jeremy Lauance**  
Health Editor

Hospital waiting lists will rise to record levels this winter unless more money is found for the National Health Service, the British Medical Association warned yesterday.

There is a financial black hole at the heart of the NHS and an extra £1bn a year is needed for the next five years if it is to continue providing a full range of treatments, doctors' leaders said. That is equivalent to an extra £17 a year per head of population a year, or 30p a week, the price of a Mars bar.

Without extra funds there was no hope of the Government keeping to its election pledge to cut waiting lists by 100,000, the association's annual conference in Edinburgh was told yesterday. The meeting decisively rejected calls for an extension of patient charges and for an earmarked health tax, which is reported to be under consideration by Gordon Brown, the Chancellor of the Exchequer, under the "no holds barred" public spending review.

But the meeting agreed by a narrow majority of 142 votes to 128 to look for other sources of finance for the NHS.

The looming prospect of an NHS crisis was the only issue that galvanised doctors, who otherwise appeared content to wait and see what the new government would deliver. However, there were widely diverging

views on how the shortage of funds should be tackled.

Dr Joan Black, of west Berkshire, said a feeling of desperation was overwhelming NHS staff struggling to maintain standards. At least 120 NHS trusts and 69 health authorities had begun the year in deficit and £1bn was needed for capital repairs. "The shabbiest building in the neighbourhood is often the local hospital," she said.

Dr Jonathan Riegger, a GP in Buckinghamshire, said the nation faced three choices to pay more in tax for the NHS, to raise more through patient charges or to do nothing "and watch the NHS die".

The public had demonstrated its reluctance to pay more tax by refusing to elect any government that threatened to raise tax rates and an earmarked health tax would do nothing to curb rising demand, he said.

Charging £10 for a GP or outpatient visit and imposing hotel charges for hospital stays could raise £500m a year, half the total the BMA said was necessary.

"The NHS is evolving and the way we pay for it must evolve, too," Dr Riegger said.

Other speakers dismissed the fatalism of those who argued that the country could not afford the NHS. Dr Peter Bennie of Glasgow, chairman of the junior doctors, said charging patients was like "putting a stake through the heart of the welfare state".

Dr Evan Harris, a former



Casualty: Doctors say without extra funds the Government has no hope of fulfilling election pledges to cut waiting lists. Photograph: Tom Pilston

## Haughey lawyers admit £1.3m payment

**Alan Murdoch**  
Dublin

Lawyers for Charles Haughey yesterday admitted for the first time that £1.3m from supermarket chief Ben Dunne did "in all probability" reach the then Irish premier between 1987 and 1991.

The former Taoiseach's legal counsel, Eoin McGonigal, told the payments-to-politicians tribunal at Dublin Castle that evidence from the former Fianna Fail party leader would show that cheques probably did reach Dublin bank accounts controlled on his behalf.

This is the first time Mr Haughey's side has indicated he did benefit from alleged gifts detailed earlier to the tribunal by Mr Dunne. Until now, Mr Haughey in correspondence had denied knowledge of the payments.

But Mr McGonigal said the evidence would also show the politician did not know the money came from Mr Dunne.

Mr Haughey has now agreed to testify in the tribunal, probably later this month, after being subpoenaed.

Mr McGonigal said documents would also contest the now-celebrated claim by Mr Dunne that he dropped in for tea with a depressed-looking Mr Haughey at the latter's house in late 1991 and gave him three late bank drafts worth £10,000 with the words, "Here's something for yourself," to which Mr Haughey had reportedly replied "Thanks, big fella."

The tribunal, also heard between £30m and £40m passed through secret numbered sterling and Deutschmark accounts in Guinness Mahon bank in Dublin, though it was not suggested the bulk of this went to the politician.

Funds taken from these accounts were used to pay Mr Haughey's living expenses and to secure a loan to the helicopter firm controlled by Mr Haughey's son Ciaran.

Counsel for the tribunal, Dennis McCullough, revealed a critical breakthrough in the tribunal's bank investigations. He confirmed that £105,000 of a £182,000 sterling cheque from Dunnes Stores Bangor account in Northern Ireland had definitely gone via a London account to the ACC Bank in Dublin to pay off loans to Mr Haughey.

The tribunal resumed its hearings yesterday after adjourning for last month's general election.

## Telemedicine could save one in four beds

**Charles Arthur**  
Science Editor

put by the Government after the spending review. "You don't have the ammunition to shoot down mad ideas unless you have the evidence," he said.

The BMA has been looking at ways of raising money for the NHS since 1988 and had found nothing as fair, acceptable or efficient as direct taxation he said.

Doctors at the BMA's conference voted unanimously yesterday to condemn the Government's "persistent manipulation" of their recommended pay rises. Another motion calling for the resignation of the chairman and all members of the independent Doctors and Dentists' Review Body was overwhelmingly rejected.

Ident of the Royal Society of Medicine, said: "The risks include things like patient confidentiality ... and the risk that the patient isn't always face-to-face with the doctor."

But the rewards of telemedicine could be considerable, several doctors said. Paul Johnson, a clinical physiologist at the John Radcliffe Hospital, Oxford, said telemedicine had helped free 10 percent of beds for babies and young children.

The undeveloped lungs of premature babies are particularly vulnerable to infection. "A little infection can tip them over," he said. But such babies cope much better at home with their families. Telemedicine lets parents hook small monitors to a baby and send data down the telephone to doctors.

Telemedicine could save hospital beds and help health care — but the technology's "glitz and glamour" should not be used to overstate its benefits, doctors warned yesterday.

Telemedicine uses high-quality telephone and video links to let doctors see, talk to and diagnose patients remotely. It can reduce the need for hospital beds and allow people to use specialists who are geographically distant.

Richard Wootton, director of the Institute of Telemedicine at Queen's University, Belfast, said he wanted to see telemedicine integrated so that it is a routine part of the NHS. But he said it should be done can-

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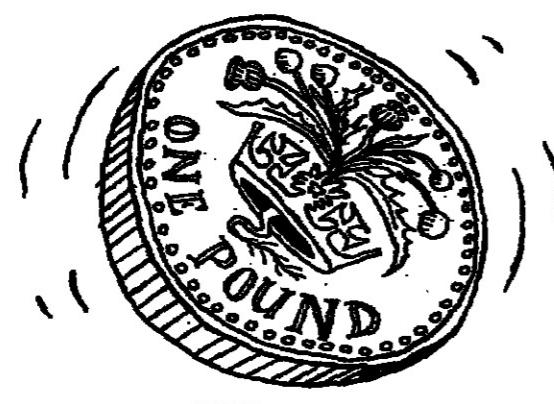
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# Churchill's envoy fought his own secret war

**Brigadier who backed Tito was at odds with top brass**

**John Crossland**

Fitzroy Maclean, the maverick Highland laird chosen by Churchill as his personal emissary to Tito, fought his own private war with his nominal superiors in the Special Operations Executive (SOE) who were jealous of his special link with the Prime Minister.

Top-secret SOE files released yesterday at the Public Record Office give an often startling account of the stormy relationship between Maclean and the sabotage organisation, prompted by their disagreement over the importance of Tito.

At the time Maclean parachuted into Yugoslavia in September 1943, Tito was dismissed as a peripheral figure in the resistance. By the following spring, such had been Maclean's impact regarding Tito and the organisation of the communists' partisan campaign that Churchill withdrew support to the Yugoslav royalist leader General Draza Mihailovich. Until then, the SOE in London had been supporting the general



with parachute drops amounting to £400,000 in gold bars. Maclean alienated SOE's headquarters echelon in Baker Street, London, by openly defying their orders when he found it convenient, and upholding the Titoist cause of a small raiding party behind enemy lines in Libya, without having a shot fired in anger".

Lord Selborne and the Baker Street "regulars" had not wanted him in the first place, dismissing him contemptuously in a report as having had "negligible military training; his experience consisting of a small raiding party behind enemy lines in Libya, without having a shot fired in anger".

This was the operation for which Maclean had received the Croix de Guerre, and his promotion on being assigned to Yugoslavia was spectacular – captain to brigadier in a few months. The SOE memo questioned how he would fare with a partisan commander who expected "British officers with

battle experience and suitable decorations".

In February 1944, Baker Street tried to reassess its authority over Maclean and the Yugoslavian mission, responsibility they said they wanted to be rid of. Maclean was called to a meeting where he was required by Selborne and

General Sir Colin Gubbins, head of SOE, to agree to documents strictly detailing his responsibilities and allegiances. General Gubbins minutes Henry Sporberg, Vice Chief of Staff SOE, on 10 May 1944: "I wish to put on record my feeling of alarm that Brigadier Maclean should continue to plough a lonely furrow without owing allegiance to any one department. From the security point of view such practices are most undesirable and should be terminated as soon as possible."

He said SOE could no longer accept responsibility for Maclean's security "as we have no real knowledge of his activi-



Fitzroy Maclean (above), whose support for Tito was crucial and (below) British operations in Yugoslavia

ties and no apparent control of them. If anything were to go wrong, we should be regarded as owning him and if everything goes right I am convinced we shall get a very small share of the credit." Gubbins said Maclean had shown himself to be "completely freelance".

The film actor Anthony Quayle, star of many Second World War dramas, played a real-life role in undercover operations for SOE in Albania, the records show.

In his report on one such operation, detailing the blowing up of a bridge by partisans at the village of Palasso, he says: "The reprisals the Huns carried out resulted in the villagers running like rabbits to the hills."

## Ministers admit nuclear waste was dumped in sea

**Charles Arthur**  
Science Editor

The Government was urged yesterday to set up an immediate public inquiry after it emerged that false statements had been made to Parliament since 1984 over the dumping of radioactive waste in the Irish Sea.

Documents discovered at the Public Records Office showed that during the 1950s, roughly two tonnes of concrete-encased metal drums, filled with laboratory rubbish and luminous paint, were dropped into the Irish Sea's Beaufort Dyke, 300 metres deep and 10 kilometres off the Scottish coast and close to busy shipping lanes.

Government spokesmen insisted that the waste itself, classified as low-level and intermediate-level, would pose no risk to health. However MPs and pressure groups yesterday insisted that it showed flaws in the accountability of the Ministry of Defence, the Sci-

tific Office and the Ministry of Agriculture, Fisheries and Food, which has taken responsibility for monitoring the waste. The seven-mile-long strip of Beaufort Dyke has been used as a munitions dump by the Ministry of Defence since the 1920s. The previous government admitted that at least one million tonnes of

Office confirmed the report, and said that a formal Commons announcement – probably in response to a written parliamentary question – will follow either today or later this week.

John Large, an independent nuclear consulting engineer, said: "This is a very serious issue. The nuclear industry describes waste as being low,

intermediate or high level. But these terms apply to waste stored in controlled conditions on land. As soon as you unzip that can underwater it doesn't matter. It is like a leaking teabag and the uptake would be a slow and gradual process."

"Here you have the risk of radioactivity being taken up by plankton and then by fish where it ultimately ends up on the landing slab at Grimsby."

Details about the dumping of the waste, from private companies including defence contractor Ferranti, have only recently emerged, according to a Scottish Office spokesman.

In contacts with London yesterday, Ireland's natural resources minister, Michael Woods, expressed "deep concern" at the revelation.

Eamon Gilmore, the junior marine minister in the outgoing Irish government, accused the former Tory administration of misleading the Dublin authorities over the issue.

He said that while he was in office he had been assured by the then British government that the Beaufort Dyke dump contained no nuclear waste.

Radioactive emissions from Sellafield have been at the centre of lengthy controversy in Ireland amid claims of unusually high cancer rates in the Dundalk area on Ireland's east coast.

You have the risk of radioactivity being taken up by fish and ending up on a landing slab in Grimsby'

bombs, rockets and shells, including some with chemical warheads, were dumped there. But since 1984, ministers had denied that any radioactive waste was disposed there, based on data from an independent report which said it was dumped in the mid-Atlantic in water 2,000 metres deep.

But yesterday, the Scottish

## How Manchester kept up its guard

**David Keys**  
Archaeology Correspondent

Manchester had a grander medieval past than historians had suspected, archaeologists have said after discoveries made during work necessitated by the IRA bomb that dev-

astated the city centre last year.

An 18th-century account of the city claimed that medieval Manchester had been protected by a massive defensive ditch, but modern academics had considered this highly unlikely. They maintained that pre-industrial Manchester was simply too small to need such defences.

Now, however, a team from the University of Manchester archaeology unit has discovered just such a ditch, 30ft across and 15-20ft deep. Together with the rivers Irwell and Irk the 3,000ft ditch would have defended a substantial area of some 40 acres. Adjacent to it, there was almost certainly a stone wall or palisade bank.

The ditch was discovered during current redevelopment work necessitated by the IRA bomb in June last year.

Historians know that between the 1st and 4th centuries AD Manchester (the Castlefield area) flourished as a small Roman fort and town called Mamucium, a contraction of the words "breast hill", named after the hill on which the town stood.

Then, in Anglo-Saxon times, Manchester was re-established one and a half miles to the North. The bottom part of the ditch may date from late in the Anglo-Saxon period when, in 923AD, chronicles records that King Edward the Elder sent troops to Manchester "to repair and garrison it".

However, the top part of the newly discovered ditch appears to date from the 13th century and archaeologists found that it was filled with leather off-cuts – waste material from what seems to have been Manchester's until now unknown first industrial revolution.



The IRA bomb made extensive redevelopment necessary

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news

# Thirteen guilty in £65m drugs smuggling ring



Partners in crime: White (left), Short (right) and a tyre found to contain £250,000 of cannabis

**Jason Bennett**  
Crime Correspondent

A leading gangster, who was acquitted of the Brinks-Mat bullion robbery, is one of 13 people convicted for involvement in a £65m international drugs-smuggling ring, it was revealed yesterday.

Details of the longest ever undercover operation by Customs and Excise were made public, following nearly two years of complex interlocking trials.

The operation, codenamed Stealer, resulted in the arrests of a number of high-profile criminals, including Anthony White, who was cleared in connection with the £26m Brinks-Mat bullion heist in 1984, in which three raiders removed three tons of gold from a storage unit near Heathrow airport.

The extraordinary case involved more than two years of undercover work and led to the seizure of illegal drugs with a street value of £65m – including cocaine worth £57m and cannabis worth more than £8m. Reporting of the trials was prohibited until now, to safeguard the defendants from possible prejudice from earlier cases.

Operation Stealer began in the autumn of 1993, when the Customs and Excise National Investigation Service launched an offensive against internationally organised drugs trafficking.

Interest soon centred on Tony White. At the Brinks-Mat trial White's co-accused, Michael McAvoy and Brian Robinson, were each jailed for 25 years, while he was cleared because of insufficient evidence.

## Smugglers snared in undercover sting by Customs

Within a short time White, who lived in a council house and who was on benefits, spent £219,000 on homes in London and Kent and a further £200,000 on refurbishments.

Spanish police, who raided his villa on the Costa del Sol in 1989, found £115,000, and jewellery worth £100,000.

In August 1995, Mr Justice Rimmer, sitting in the High Court, ordered White to repay more than £26,369,778, and pay £188,600 in compensation, in respect of Brinks-Mat, which had sued for the value of the proceeds of the robbery. White's wife was ordered to pay more than £1m.

Operation Stealer involved a team of up to 30 Customs officers in long-term close surveillance of White and his associates, particularly his "lieutenant and friend", John Short, 53.

Scotsman Brian Doran also came under scrutiny when he returned from Colombia towards the end of 1993. Doran initially set up bases in luxury London hotels. He was soon enjoying the high life, taking expensive holidays, and buying a yacht and a top-of-the-range car – always paying in cash.

Customs investigators painstakingly tracked the group's money movements – in Britain, Europe and to North America. Large amounts of cash were allegedly held under false names in safety deposit boxes.

By 1994, investigators were ready to spring a series of traps to capture the drugs smugglers in action.

In February, one of the gang was trailed to Madrid. A British Customs officer was on hand as Spanish police raided a hotel, where they found 35kg of cocaine and 100kg of cannabis resin.

The Customs undercover team, meanwhile, continued to track other suspects, knowing that more drugs consignments were bound for Britain.

In September, a two-pronged operation netted cocaine worth £7m in a swoop at Dover, and cannabis worth £250,000 in an operation at Fleet services on the M3.

Customs were later able to show that White had used a mobile phone from a pub to contact people involved in the smuggling, demonstrating his pivotal role as a controller.

In January 1995, the investigators snatched cocaine worth £37m from a catamaran in Pevensey Bay, East Sussex.

When Operation Stealer finally closed in, White admitted his part in the Dover and Portsmouth smuggling plots. White was named as a "financier" of the Pevensey Bay plot.

Short admitted a sole charge of involvement in the Dover plot.

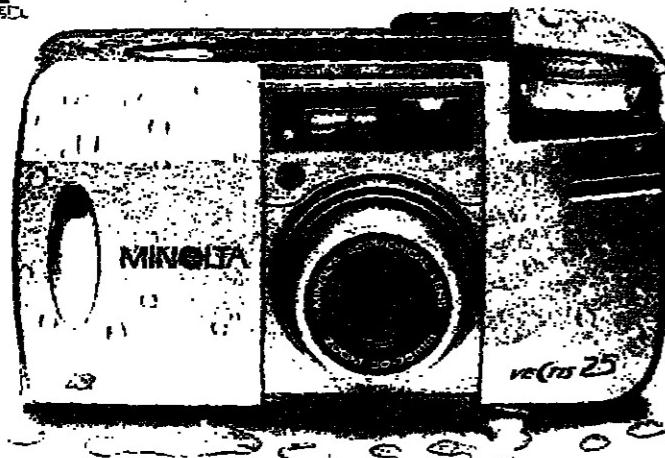
Judge John Foley, at Bristol Crown Court, yesterday began hearing mitigation on behalf of seven of the convicted men. He is to consider sentences on a further six convicted smugglers.

Manicured foot forward as prime beef graces the Royal Show



The footprint of a Charolais, framed in the chalk powder used to whiten the animal before being exhibited in the ring at the Royal Show, which opened yesterday at Stoneleigh in Warwickshire.  
Photograph: Brian Harris

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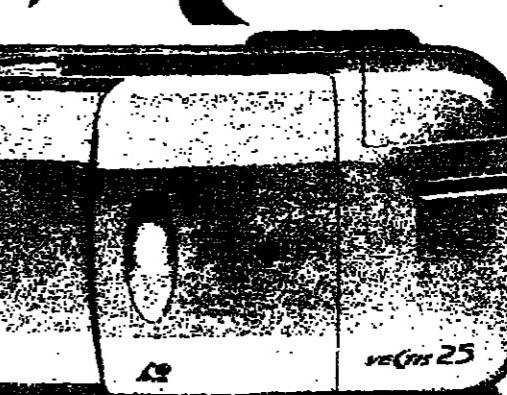
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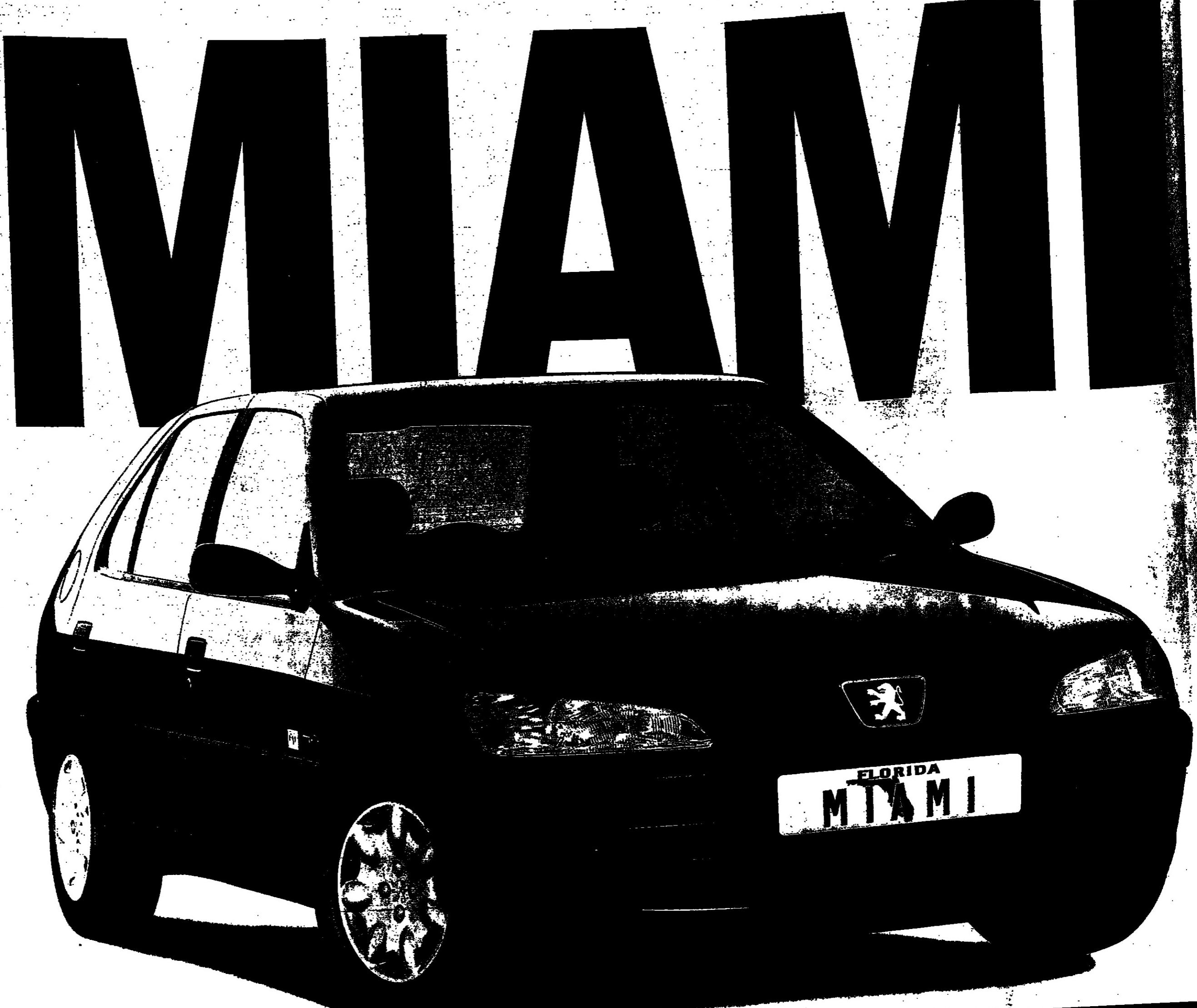
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## Welsh Tories out in the cold

Tony Heath

The Tories tasted the politics of exclusion yesterday when the Welsh Grand Committee - all 40 MPs in the principality - met at Mold in Flintshire.

A small demonstration was mounted outside the local council's headquarters with a handful of party members showing solidarity with Nigel Evans, MP for Ribble Valley, named by William Hague last month as interlocutor-in-chief on Wales, even though he was denied the title of shadow Welsh Secretary.

Mr Evans reckoned he should have been invited in because the Tories collected 20 per cent of the Welsh vote on 1 May. However, that was insufficient to win a single seat.

Being opposed to proportional representation hardly made his plea valid. And like Gerry Adams and Martin McGuinness, who regularly find Stormont a no-go area, Mr Evans experienced the closed-door treatment. At 39, he is three years older than his leader and almost as relentless in pursuit of his goal.

He did not try to force an entry to the committee, which considers all legislation relating to Wales. "I wouldn't dignify the meeting with my presence. The Welsh Grand is the Welsh bland - a slap in the face of democracy," he complained later. "Totalitarian dictators would be taking a leaf from the book of Welsh secretary Ron Davies."

The roots of his excursion to Mold from his Lancashire constituency are buried deep in the Tories' post-election confusion. Six weeks ago Mr Davies wrote to his shadow William Hague - inviting him to nominate Tory MPs from England to participate. The committee's standing orders allow for five such co-options. No reply was forthcoming so the meeting in Tory-free Wales went ahead - Tory-free.

Meanwhile, the committee got down to business. For the first time members were permitted to speak in Welsh, if they wished, and Mr Davies announced that he hoped to extend the public finance initiative, with the £1bn Cardiff Bay development scheme an early target.



Lock out: Tory spokesman on Wales, Lancashire MP Nigel Evans, and his supporters protest at his exclusion from the Welsh Grand Committee

Photograph: Vic Clewley

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## Brown's jobs plan derided as fraud aid

Colin Brown

Chief Political Correspondent

A senior Tory claimed last night that ministers have been warned that social security fraud on the Government's new welfare to work programme could blow a massive hole in the Chancellor's Budget calculations.

Iain Duncan Smith, Tory spokesman on social security, claimed that ministers have been warned that the plans, a centrepiece of the Budget, could lead to increased fraud amounting to £300m.

The Chancellor, Gordon Brown, will announce that £750m is to be spent over four years on welfare to work, but Mr Duncan Smith said ministers had been told the system of paying employers to take on young people out of work was open to fraud.

Mr Duncan Smith wrote to Frank Field, the social security minister, challenging him over the figures after he brushed aside the claims in the Commons. "Employer subsidies offer a clear opportunity for collusion and fraud," he said.

He also raised doubts that Mr Brown will be able to secure the £4.7bn savings on social security fraud which Kenneth Clarke, the former Chancellor, included in his Budget figures to balance the books. The large sums Mr Clarke relied on saving by tackling social security fraud may have increased the pressure on Mr Brown to raise taxes in his Budget.

Ministers said the Budget would be less harsh than many were predicting, and that the Chancellor would produce a balanced package in spite of the reports that he is poised to cut mortgage interest tax relief worth £30 a month to those on average earnings and increase stamp duty on house buying. The pain will be offset by

schemes to help the unemployed back to work.

Peter Lilley, shadow Chancellor, said the "nods and winks" about the impact of the Budget on the middle classes were "testing the water for a betrayal of trust" by Labour. He said Mr Brown had stated before the election that there were "no public expenditure commitments which require extra taxes" but there are clear signs at Westminster that Mr Brown is preparing to blame Mr Clarke for leaving a "black hole" in the accounts.

Mr Brown's wide-ranging package will hit drivers and smokers but the underlying concern is over the rising value of the pound, driven by the speculation surrounding the creation of a single currency with a soft Euro. There are fears that the Bank of England may increase interest rates next week, threatening a further rise in the pound, unless Mr Brown convinces the City that he will damp down inflation.

Tony Blair has been urged to deflate the pound by declaring an intention for early entry to the Euro, but one Labour MP was told by Labour leadership sources: "You must be joking".

Meanwhile, the Secretary of State for Social Security, Harriet Harman, gave a clear signal that she will announce plans to modernise the payments of the benefit system. Ministers want to bring the payment of benefits into "one stop" shops with those searching for work.

Quicunx removed from life in the Eastern Bloc, was still a fact of life in Britain's benefits offices, Ms Harman protested. She told the Commons the Government would stay inside the departmental budgets of the previous administration, but the priorities would be different. "We are determined to modernise the social security system," she said.

## MPs to rule on sleaze report

Christian Wolmar

Westminster Correspondent

The long-awaited report on the cash for questions affair will finally be presented to MPs tomorrow and will probably be published within the next week.

The report, prepared by the Parliamentary Commissioner for Standards, Sir Gordon Downey, will rule on whether Neil Hamilton, the ex-Conservative MP who lost his Tunton seat to Martin Bell at the general election, accepted cash for asking questions on behalf of Mohamed al Fayed, the owner of Harrods. It will also examine allegations against a number of other ex-MPs and MPs.

The report will be presented to the Standards and Privileges Committee at its first meeting of the new parliamentary ses-

sion today. Although it will probably not publish the report straight away, there is concern that unless it issues it quickly, its contents may leak out.

Mr Hamilton has admitted lying about £10,000 he received from the lobbyist Ian Greer, but has consistently denied taking cash to ask questions.

Allegations against two Government ministers accused of failing to declare an expenses-paid trip to meet the Bosnian Serb leader Radovan Karadzic could be referred to the Parliamentary Commissioner for Standards, Speaker Betty Boothroyd said yesterday. David Clark, civil service minister, and John Reid, a defence minister, have dismissed newspaper claims their trip in 1993, when both were shadow defence ministers, had been a secret.

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## international

# Jospin accused of renegeing on Renault pledge

**John Lichfield**  
Paris

The French Prime Minister, Lionel Jospin, faces a rough ride from his own supporters in parliament today after failing to reverse a decision by Renault to close a large car factory in Belgium.

The issue, although it concerns jobs abroad, threatens to produce the first serious split in the left-wing governing coalition. It is seen by Communists and radical Socialist members as a test of Mr Jospin's willingness, or ability, to soften the market-oriented policies of the previous centre-right government.

It is also the first clear example of Mr Jospin stumbling over his pledge to keep his pre-election promises. During the election campaign in May, he said he would force the partially state-owned car company to "re-open the dossier" of the closure of the Vilvorde plant, near Brussels, with the loss of 3,100 jobs.

Earlier this month, Mr Jospin appointed an independent consultant to study the options. She reported back last week that

there was no way to save the plant without jeopardising Renault's wider strategy to improve its international competitiveness.

Jean-Luc Dehaene, the Belgian Prime Minister, accused Mr Jospin of "giving false hope" to the Vilvorde workers to win votes in France. Even though the French state remains the largest single shareholder in the company, Mr Jospin says he cannot force Renault to change its mind. "That's all very well but Jospin ought to have known that when he was in opposition," Mr Dehaene said.

Mr Jospin will seek to explain himself to the Socialist group in parliament today and, possibly, to the nation in a television interview on Thursday. A continuing row threatens to destabilise the awkward balancing act he has attempted since he became Prime Minister on 3 June. He insists he will honour his campaign pledges to adopt a more inflationary, and more jobs-oriented, policy than the centre-right government.

He has, however, delayed most spending decisions until November and has pledged to stay

within shouting distance of the budgetary guidelines for membership of the European single currency.

With anxiety growing on the left that Mr Jospin is already drifting towards pro-business and pro-market orthodoxy, the failure to intervene to save Vilvorde could become a flashpoint within the Socialist, radical, Communist and Green coalition. Tempers will not be improved by the announcement yesterday that unemployment rose by 1.1 per cent (32,000) in May, the sharpest monthly rise for four years. Although the increase cannot be blamed on Mr Jospin, it will strengthen the voices of those calling on him to abandon budget orthodoxy and pump up the economy with salary rises and increased public spending.

Mr Jospin's discomfort has been greeted with undisguised joy on the centre right. Philippe Séguin who will be elected later this month as the new leader of the neo-Gaullist RPR, said: "Within the space of a month, Mr Jospin has forfeited the right to give lessons in morality to the entire world."

A hero of exploration makes his final journey



Jacques Cousteau's widow, Francine, left, their two children, Diane and Pierre-Yves, and the French President Jacques Chirac in front of Cousteau's coffin at Notre Dame in Paris. The film-maker and co-inventor of the aqualung will be laid to rest in the family vault at Saint André-de-Cubzac

Photograph: AFP

## Videogate exposes rot at heart of Mexican politics

**Phil Davison**  
Mexico City

A week before vital elections, Mexican police are trying to uncover a "dirty tricks brigade" that distributed thousands of doctored videotapes portraying leading opposition candidate Cuauhtemoc Cardenas as a Communist rabble-rouser.

The "videogate" scandal, blamed by Mr Cardenas on the ruling Institutional Revolutionary Party (PRI), has raised the temperature in the run-up to historic 6 July elections which could see the PRI lose Mexico City and control of Congress for the first time in its 68-year history.

The populist Mr Cardenas, 63, is way ahead in the race for Mayor of

the capital – the second-most influential post in the country after President – as candidate for the Social Democratic Party of the Democratic Revolution (PRD). Mexicans will also elect a new 500-seat lower house of parliament, a quarter of the Senate and six state governors.

Tens of thousands of videotapes, in which images of violence and revolution were juxtaposed with doctored speeches by Mr Cardenas, were distributed to businessmen over the past few weeks until police last week raided a Mexico City apartment where the videos were being produced. The idea appeared to be to scare voters and investors in an attempt to slash Mr Cardenas's lead.

The PRI maintained control of all 32 states for the 60 years after its crea-

tion in 1929. But electoral reforms forced on former President Carlos Salinas de Gortari and his successor Ernesto Zedillo have since allowed the PAN to grab four state governorships. The left-of-centre opposition has never won a state.

While a victory by Mr Cardenas in Mexico City would be historic, some analysts say the city vote is something of a sideshow. In recent years the party has gradually jettisoned segments of power but continued to reign over Mexico's complex socio-political system through its patronising control over all sectors of society, from the police, military and judiciary to trade unions and peasant groups.

Even a loss of its parliamentary

majority would not rob the PRI of its control of "the system", analysts say, although it would seriously handicap the President in such areas as pushing through the budget, long the prerogative of the ruling party.

To offset the fears of businessmen and investors, Mr Cardenas has played down his populist image and dropped his opposition to the North American Free Trade Agreement (Nafta) with the US and Canada. He is expected to run for President of Mexico in 2000, when Mr Zedillo's six-year term expires.

Mr Cardenas's surge in popularity in the capital and the poverty-stricken south is seen partly as a protest vote against the PRI party as a backlash from his unsuccessful

run for the presidency in 1988. That year, Mr Cardenas was running ahead of PRI candidate Carlos Salinas de Gortari when the PRI-controlled Electoral Council announced that the computer system counting the votes had crashed. When it came back up, Mr Salinas was ahead and won narrowly. Ballots were quickly burned before a recount could be made.

Mr Zedillo has since presided over

electoral reforms, including a more independent Electoral Council, but the opposition warn that PRI militants may resort to the traditional fraudulent tactics, particularly in rural areas, such as the "taco" vote – rolling up several previously marked ballot slips to look like one.



Cardenas: Rocked establishment

Another old PRI favourite was the "dead man's vote" when electoral registers included the names of dead people who voted – naturally – for the PRI. New photo credentials should make that impossible.

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## Radical Web site wriggles out of German court net

**Irene Karacs**  
Bonn

A neo-Stalinist demagogue allied with a bunch of eco-saboteurs struck a blow for freedom of expression yesterday, scuppering the German state's latest attempt to rein in the Internet.

In a landmark decision, a court in Berlin acquitted Angela Marquardt, who had been accused of disseminating forbidden leftist propaganda. Ms Marquardt, 25, a former Deputy Chair of the Party of Democratic Socialism, had offended the authorities by providing access through her own Web site to the proscribed magazine *Radikal*.

The magazine, made available on the Internet, had published detailed advice on ways to block the path of trains carrying nuclear waste to the disposal site of Gorleben in northern Germany. It included tips on crippling signalling equipment and creating barricades on the tracks.

Arguing that the group, based in the Netherlands, was endangering railway safety and the fabric of democracy, the German authorities banned *Radikal*. In June 1995, several hundred policemen launched simultaneous raids on left-wing activists, arresting 50 people.

The magazine's office in Maastricht was also searched by Dutch and German policemen, and Internet service providers were pressured to block access to the inflammatory site, called *X541LL*. Then tough actions lit a beacon for a motley alliance of Berlin leftists sadly lacking a cause until then. In January 1996, Ms Marquardt put the Web address of the magazine on her home page, thus providing a gateway to the forbidden propaganda.

"I want to distance myself from the attacks outlined in *Radikal*. But I do not accept that the discussion over this issue should be forbidden," she declared. Thus began the war on the Net.

In August 1996, prosecutors instructed the Internet Task Force in Germany to block the site. A month later, CompuServe, the provider through which Ms Marquardt operated her page, closed her down. She responded by taking her site to an unregulated part of the Net.

The state was left with no option but to charge her in October last year with abetting sedition. Meanwhile, under pressure from the authorities, several further attempts were made to block the site but all proved impossible.

Every time one page was closed down, the anarchist-minded denizens of the Web opened "mirrors" – further gateways to the magazine. Meanwhile, the authorities found themselves prosecuting a senior figure in a legal political party which enjoys up to 20 per cent support in eastern Germany and whose MPs sit in the Bundestag.

Although the democratic motives of Ms Marquardt's party, which is funded by Communists of the former East Germany, are open to debate, her prosecution smacks of heavy-handedness. Her own home was allegedly to have been searched by the police and she would have faced a heavy fine if she had been found guilty.

The court reached a Solomonic verdict, ruling that she might not have known what was on the site when she opened a link to it from her own Internet page. But yesterday you could still read the now world-famous magazine *Radikal* via the Marquardt page.

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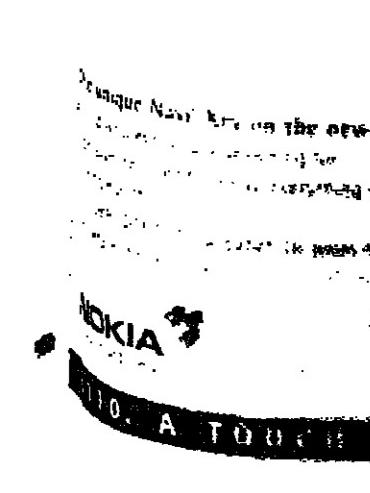
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# Socialists usher in New Albania

**Andrew Gumbel**  
Tirana

Albania's five turbulent years under President Sali Berisha were heading towards a swift and remarkably graceful conclusion yesterday as the ruling Democratic Party suffered a crashing election defeat at the hands of its Socialist rivals and the President, surprising almost everyone, accepted the result without a murmur.

The day after a vote which was riddled with minor problems but relatively free of the gang violence that has rocked the country for the past four months, the Socialists were cruising towards a huge parliamentary majority.

The party said it had won 63 seats outright, plus 10 more through electoral pacts with other parties. Once full results were available and the part of the race calculated by proportional representation was calculated, the party expected to garner up to 50 more seats in the 155-seat assembly.

Around a dozen results were still due, in two seats had to be contested again because of irregularities and 19 would be decided in a second round of voting next Sunday, the Socialists said. Their figures credited the Democratic Party with only seven seats so far.

The Organisation for Security and Co-operation in Europe, which monitored the election, said these results matched their own findings.

**Sali Berisha, under international pressure, concedes with grace after poll approved by observers**

There were no official results for most of yesterday and the final tally is not expected until today.

Despite the enormous difficulty of holding an election in a gun-ridden country on the verge of economic and social collapse, the OSCE described the vote as "adequate and acceptable".

Across the country, there were blasts of Kalashnikov fire through the night and all day yesterday to mark the defeat of a president held responsible for the devastating financial losses wreaked by the collapse of Albania's so-called pyramid investment schemes. But victory was kept to a minimum with only a handful of incidents reported.

The Democratic Party was so taken aback by the scale of its defeat that news bulletin after news bulletin on state television, which it controls, was simply cancelled. After a day of non-stop election coverage on Sunday, evening viewing consisted of Albanian folk-singing interspersed with warnings from the interior ministry not to hold street demonstrations.

The official wall of silence continued yesterday morning, as two senior party officials were summoned to the US embassy for a meeting that embassy sources said was intended to impress on them the need to abide by the will of the people.

the Socialist leader Fatos Nano.

Mr Nano called for an end to the deep polarisation in Albanian politics that had helped create an atmosphere of fear and violence; and welcomed the beginning of "an age of peace, co-operation, co-habitation and co-existence" that would enable Albania to get back on the road to democracy.

He said he hoped Mr Berisha would resign as he had promised but noted that parliament had the powers to impeach him if necessary. "There are structures to assist, if not to force, Mr Berisha to be a man of his word," he said.

The challenges ahead are enormous - disarming the rebel bands so that roads, towns and villages can be made safe again; building a barely developed economy that has been devastated by the collapse of the pyramid schemes; and encouraging a truly pluralistic culture in which the media is free and both government and opposition can co-exist peacefully.

An Italian soldier was badly wounded in shooting in the Adriatic port of Vlora and was flown to Bari in Italy for treatment, Reuters reports. Wild shooting broke out in Vlora, following rumours that President Berisha had resigned.



Uplifting victory: Socialist party supporters celebrate at their headquarters in Tirana. Photograph: Damir Sagol/Reuters

## Electorate flirt with return of the Zog dynasty

**Andrew Gumbel**

Just for a moment yesterday, it looked as though Albania was turning the clock back more than 60 years and doing what no European country has done since the fall of Franco - reviving its monarchy.

One of the more bizarre sideshows of Sunday's general elections was a referendum asking Albanians whether they were happy with their republican system or preferred to have a king again, just as in the bad old days of King Zog and his court of puffed-up puppets.

Nobody had given the referendum a second thought, dismissing it as one of President Sali Berisha's more eccentric political games, but yesterday morning supporters of Zog's son and heir, Leka Zog, grabbed the post-electoral limelight and cried victory. "We've got 54 per cent," said one spokesman. "Actually, it's nearer 70," said another.

A chill wind was suddenly felt in Albanian political circles. How could an electorate that had just handed the Socialist Party an overwhelming parliamentary majority do such a thing? Did this mean the country would re-adapt its repressive, highly autocratic 1928 constitution, as the monarchists were insisting?

Constitutionalists scratched their heads and wondered whether the "yes" vote was absolute or depended on a vote in the new parliament. Scurious

political journalists noted that the referendum made no reference to Leka and wondered if any old monarch would do. "Maybe we should ask Prince Charles," said one. "Or Chris Patten," said Ben Blush, editor of the Albanian newspaper *Independent*. "After all, he's looking for a job."

By mid-afternoon, it became clear that the rumours were unfounded and the monarchy, although scoring far better than anyone expected, was in no danger of reasserting itself.

Leka, who was whisked out of Albania as a babe-in-arms when the Italians invaded in 1939, returned to the country for the first time earlier this year to launch his campaign. In Vlora, epicentre of the armed anti-government revolt, he survived just 20 minutes before fleeing the men with guns. His life as a jaded aristocrat did not at first sight appear to qualify him to lead one of the world's craggiest, most impoverished countries.

His father, Ahmed Zog, was an ambitious politician from northern Albania who seized the presidency by force in the early 1920s and elevated himself to king in 1928. Zog bled the country dry and had a love-hate relationship with Fascist Italy that culminated in the annexation of his country in 1939.

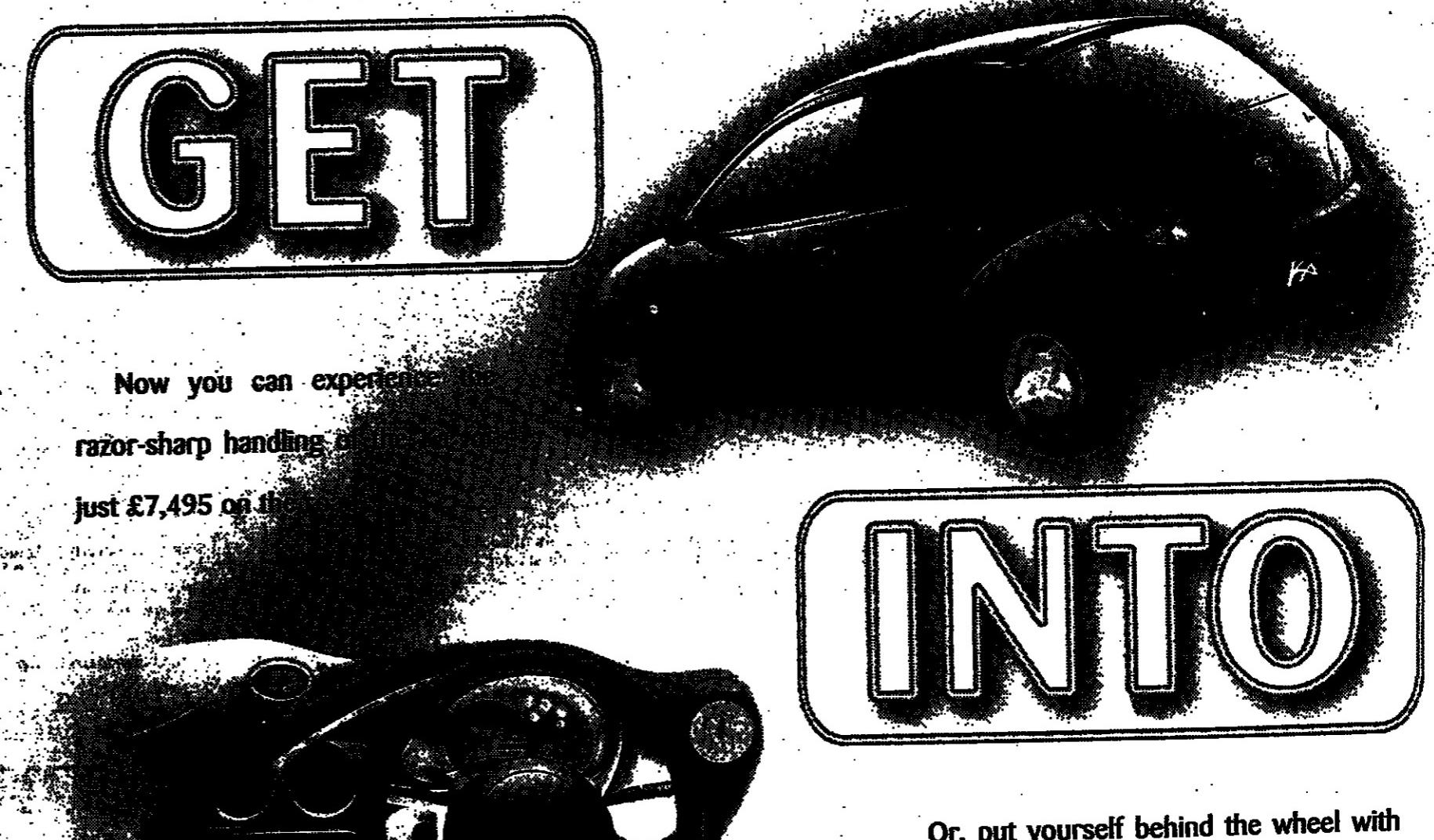
Zog and his family took refuge in the Ritz hotel in Piacenza, nicknamed "Zog's Circus", and was never invited back to his home country again.

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Flood alert: Fields in Val Chiavenna, northern Italy, after continuous heavy rains fell in the Lombardy region on Sunday. Civil protection officials warned people in the area to avoid travelling as forecasts of fresh rain sparked fears of further flooding and mudslides. Photograph: Carlo Ferraro/Reuters

# Bosnian Serb president held by own police

Marcus Tanner

The mafia-style politics of the Bosnian Serb state threatened to overwhelm the Bosnian Serb President Biljana Plavšić last night, after she was arrested by her own police force on returning from a visit to Britain.

Mrs Plavšić, who was invited for talks in London by the Foreign Office on the strength of her new-found reputation as a moderate, cut short her British visit amid reports of opposition to her planned drive against corruption.

At Belgrade airport on Sunday night, in spite of being titular head of an entirely independent state, she was



Plavšić: Arrested at airport

grabbed by the police of President Slobodan Milošević of Serbia and held for an hour and a half. She was then transported to Bijeljina, in north-east Bosnia, where she was detained overnight by her own police in the village of Dvorac.

Yesterday the "President" was set free and returned to the Bosnian Serb city of Banja Luka with an escort provided by S-For, the international peace-keeping force in Bosnia. They were reported to have secured the presidency building in Banja Luka against possible attack.

Mrs Plavšić was one of a trio of Serb ultra-nationalists led by Radovan Karadžić who plunged Bosnia into a bloodbath from 1992-5 by trying to carve an ethnically pure Serb state out of the mixed Muslim-Christian former Yugoslav republic.

Unlike Mr Karadžić she was not indicted for suspected war crimes by the UN tribunal in the Hague, but until recently was seen as the most hardline of the lot. President Milošević's journalist wife Mirjana famously accused her of being a Nazi.

Her troubles proceed not from being "soft" on Muslims, but from her opposition to corruption which, as a rabid but sincere nationalist, she devoutly opposes. Mr Karadžić and his close ally, Momočilo Krajisnik, have had no scruples about draining the last drops out of the bankrupt Bosnian Serb state to

line their pockets. Mr Karadžić has made his cash through his monopoly on smuggled cigarettes. Mr Krajisnik and his brother have lined their pockets by sharing out monopolies on spirits and petrol. They are reported in the Belgrade media to have stashed their fortunes away in private banks in Russia.

Mrs Plavšić, who assumed the Bosnian Serb leadership from Mr Karadžić after he was indicted by the UN war crimes tribunal decided to crack down on the private mafias after a meeting with Madeleine Albright during the US Secretary of State's recent tour of former Yugoslavia. She also told Ms Albright she had swing behind the "moderate" camp on the question of a single currency for Bosnia - a big irritant to the mafia men who have no desire to see the Bosnian Serbs' worthless currency replaced by something more stable.

Just prior to her return from London, she announced the sacking of the Bosnian Serb police chief, Dragan Kijac.

Her detention in a police cell in Bijeljina will raise a bitter smile from Bijeljina's surviving Muslims. Mrs Plavšić first achieved real fame by publicly kissing the Serb paramilitary leader Zeljko Raznatović, "Arkan" after his forces had stormed the town in April 1992 and murdered many local leaders of the Muslim community.

■ The Hague (AP) - UN war

crimes prosecutors will give secret indictments to "authorities

ready, willing and able to execute them," Chief Prosecutor Louise Arbour said.

Ms Arbour was reacting to Friday's arrest by the UN of Slavko Dokmanović, a Serb suspect in the massacre of 260 Croats in the eastern Croatian town of Vukovar in 1991. His arrest marked the first time UN authorities had held an indicted suspect in the former Yugoslavia.

## significant shorts

### School rebel confesses to second killing

The 14-year-old boy arrested in the beheading of a schoolboy has also confessed to killing one young girl and stabbing another in the western city of Kobe, news reports said yesterday. Police arrested the boy on Saturday after he confessed to killing Jun Hase, 11, and leaving his severed head at a school entrance gate of a junior high school.

Two months earlier, Ayaka Yamashita, 10, was bludgeoned to death in the same neighbourhood, apparently with a steel pipe. Less than an hour later, a nine-year-old girl was stabbed and nearly bled to death.

Hase's severed head was discovered with his eyes gouged out and his mouth split from ear to ear. The suspect told police he targeted the mentally retarded boy because the victim was weaker. AP - Tokyo

### Yilmaz forms government

President Suleyman Demirel approved the formation of a new Turkish government headed by Mesut Yilmaz. Ten days of lobbying in Turkey's finely balanced parliament had convinced Mr Yilmaz - who leads the conservative-minded Motherland Party - that he has majority support for a coalition to unite most of Turkey's secular political parties. He is prime minister for the third time.

Mr Demirel asked him to form a government after the resignation of Necmettin Erbakan, the Islamist leader resigned under pressure from the army and True Path Party coalition partners. Christopher de Bellalique - Ankara

### Man cleared of asylum arson

A German state court found a Lebanese man innocent of the deaths of 10 Africans in an arson fire last year at an asylum shelter. The decision was issued more than three weeks after prosecutors admitted to the court that they had insufficient evidence to convict Safwan Aidi for the fire on 18 January 1996 that killed 10 people and injured 38 others.

AP - Lübeck

### UN blocked from massacre sites

President Laurent Kabila has blocked the UN's path to alleged massacre sites in the jungles of former Zaire, but investigators said they would not pull out of the country immediately. A UN team in the capital, Kinshasa, said the government had rejected two non-negotiable terms for the investigation. The mission follows allegations that Mr Kabila's Tutsi-backed rebels or their Rwandan or Ugandan allies killed an unknown number of Rwandan Hutu refugees as they marched across Zaire before toppling President Mobutu Sese Seko in May. Reuter - Kinshasa

### Yeltsin leans on filial advice

President Boris Yeltsin named his younger daughter yesterday as his official image adviser, boosting the power she gained while heading her father's re-election campaign. Tatjana Dyachenko, 37, first emerged as an important player during the re-election bid. AP - Moscow

### Anthrax survives - 80 years on

A germ warfare capsule from the First World War discovered in a Norwegian museum was still deadly 80 years after it was confiscated from a German officer, a newspaper said. A small glass ampoule found at the Norwegian Police Museum in Trondheim in April contained anthrax bacteria, the local newspaper Adressavisen reported. Bjorn E Berdal of the Norwegian military microbiological laboratory in Oslo said the find confirms Germany had planned to use germ warfare during the First World War.

AP - Oslo

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What exactly has happened Hong Kong  
the last few months? It's been a roller coaster ride of political  
turmoil, economic uncertainty, and social unrest.  
But what is the reality?  
Hong Kong just became part of China, but  
many people are still confused about what  
that means for their future.  
The economy is still recovering from the financial crisis,  
but there are concerns about the long-term impact.  
And the social issues, such as inequality and  
environmental degradation, are still very much in the foreground.  
So, what does the future hold for Hong Kong?  
Will it be a bright new era of opportunity and  
prosperity, or will it face challenges and difficulties?  
Only time will tell.

Cheers and

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# Hong Kong Handover

## 'I have relinquished administration of this government' Patten wipes a tear as Last Post sounds

**Stephen Vines**  
Hong Kong

Chris Patten, the 28th and last Governor of Hong Kong was swallowing hard as he emerged from Government House for the last time yesterday afternoon. He might just have got through the modest ceremony marking his departure without shedding a tear had it not been for the lowering of the flag and the mournful sounds of "The Last Post".

Earlier, he had sent a telegram to London, marking the end of his mission. "I have relinquished the administration of this government. God Save the Queen," it said. It was a wrenching day for the Governor, crowned not by his final departure on Britannia but at a farewell parade in pouring rain which turned into a torrent the moment the band struck up "God Save the Queen".

Leaving is something the Brits do terribly well, so well that they have even trained their colonial subjects to produce a perfect replica of a British ceremonial occasion. That is why the Chinese bandsmen of the Royal Hong Kong Police bands were first out on the parade ground in their kilts, clutching bagpipes and other instruments which were later seen in the rather larger hands of three groups of British bandsmen. Although very British in character the ceremony could only have occurred in Hong Kong where, as the

globe commentary stated, "East meets West".

Britain supplied both most of the hardware for the ceremony and the rain, without which any British ceremonial occasion would not be complete. China supplied a gleaming new office tower block which overshadowed the parade ground, demonstrating the new master's commitment to the territory in terms of hard cash. As for Hong Kong itself, it supplied what it supplies best - people.

"They were only ordinary," said Mr Patten in his farewell address, "in the sense that most of them came here with nothing. They are extraordinary in what they have achieved against the odds." Some 10,000 people turned out for the ceremony, the Chinese just about outnumbering the British residents. Most of them were dressed in their Sunday best to pay their respects to the departing sovereign power.

The baggage of history was left discreetly out of sight, for the most part. Mr Patten referred obliquely to the opium wars which gave birth to the colony. "This chapter began with events that, from today's vantage point, at the end of the following century, none of us here would wish or seek to condone," he said. Rather less obliquely he reminded his audience that most of Hong Kong's people came to live under the British flag as refugees from Communism, as he put it, "because of events

in our own century which would to-day have few defenders".

Mr Patten had promised that Britain would be withdrawing without self-congratulation, but with dignity and solemnity. Yet he could not resist raising at least two-and-a-half cheers for British colonialism. He said Britain had provided "the scaffolding" - the rule of law, clean government, the values of free society and, "the beginnings of representative government and democratic accountability".

"No dependent territory has been left more prosperous, none with such a texture and fabric of civil society," he said.

It is indeed a far cry from the days when an agitated Lord Palmerston chided Captain Charles Elliot for

seizing this "barren rock with hardly a house upon it". Chris Patten has arguably been its most controversial governor, just slightly more controversial than Sir John Pope-Hennessy, who made an attempt to give Hong Kongers more rights. He left the colony in 1882 with his fellow Britons ostentatiously turning their backs on him, while members of the Chinese community saw him off singing his praises.

Mr Patten must be one of the few colonial governors to depart with higher opinion poll ratings than his local successor. His tear ducts were again severely tested last night as the audience at the farewell ceremony stamped on the metal stands surrounding the parade ground, only ceasing in their chorus when he signed his praises.

It is very hard to be quite as categorical as that. Tung Chee-hwa, Hong Kong's new head of government, promises to be a protector of the territory's liberties, and has even said he would resign if he saw them being undermined. At the same time, he has been an active proponent of all the measures which the Chinese government wants introduced to curb civil rights.

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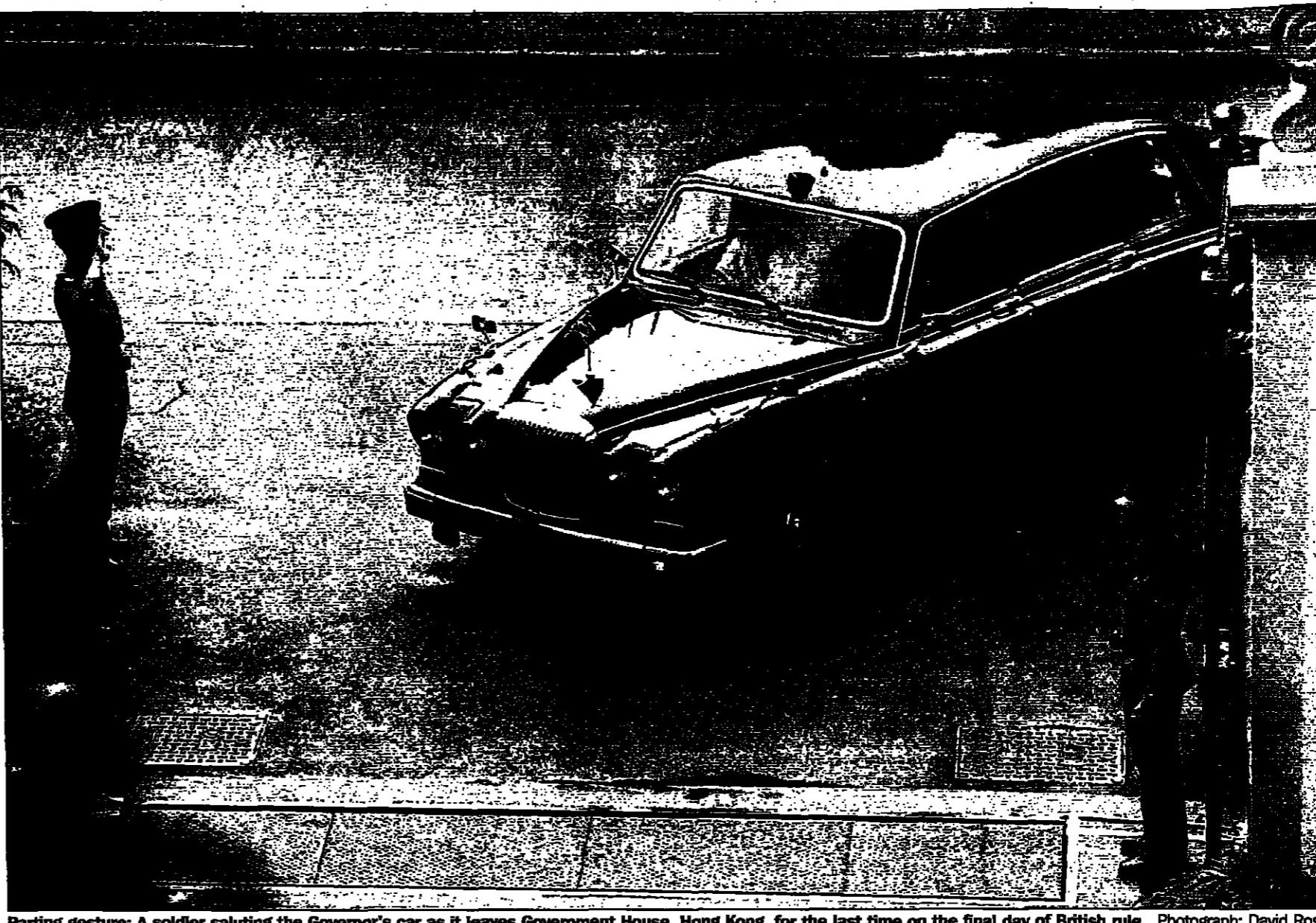
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Parting gesture: A soldier saluting the Governor's car as it leaves Government House, Hong Kong, for the last time on the final day of British rule. Photograph: David Rose

## What the handover will mean

**Stephen Vines** examines the small print of a treaty ending 160 years of British imperial rule

high degree of autonomy won't be realised. There are already signs that the Chinese leadership is actively intervening in the running of Hong Kong.

China has insisted that new laws be enacted against secession and subversion. Chinese leaders have also indicated that certain types of criticism, such as personal attacks on the Communist Party leadership, will not be tolerated.

But surely the Basic Law, Hong Kong's new mini-constitution, guarantees all the existing freedoms and rights?

Not really. The fate of civil liberties goes to the heart of questions related to the rule of law. If the current legal framework is changed to accommo-

dation out and replaced by a China-appointed body, and at local level, the former elected councillors have been allowed to retain their seats but are being supplemented by appointed councillors, almost all of whom are supporters of the new administration.

Surely this is no more than a temporary measure, to be followed by elections?

Elections have indeed been promised within a year. The question is whether, as Robin Cook, the Foreign Secretary put it, "they will be free and fair". Some of the rumoured plans for a new election system have the smell of election rigging.

Some things won't change will they?

Actually many things won't change, or will only do so very gradually. The currency, for example, will remain the same, English remains as an official language and Hong Kong will retain its own border controls, specifically meaning that people from the mainland will need permission to come in.

But the new election system will be somewhat baf-

fling - at least until observers notice a pattern.

Bringing down the Union Jack for the last time was, naturally, shown in glorious technicolour. But whenever Mr Patten stopped to have a friendly conversation with a Chinese person, Peking mysteriously became more inter-

ested in the anodyne view of the gates of Government House. Could it be that Peking is unwilling to let anybody think that Mr Patten has a warm relationship with Hong Kong Chinese? Of course not.

Ms Boothroyd sent a personal message of support to the people of Hong Kong only half an hour before the colony was handed back to China. Ms Boothroyd paid tribute to the work of the Hong Kong Legislative Council, which will be replaced by an un-elected body when the handover is complete.

"Let me say that from this de-

mocratic institution, which is often known as the Mother of Parliaments, our thoughts go to Hong Kong and our best wishes for the future," she told the Commons in an unusual de-

parture from the business of the House.

Ms Boothroyd said: "It is a very exceptional day for this country and for Hong Kong and I appreciate the fact that you have raised it with me."

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# Hong Kong handover

## China's new top brass sweep in like emperors

Teresa Poole  
Hong Kong

No Chinese emperor ever bothered to set foot in Hong Kong in the era before the "barren island" was taken by the British. But yesterday, China's leaders triumphantly swept in to reclaim the territory with all the confidence of a sovereign power that had never been away.

As the newly-raised Chinese flag fluttered in an artificial breeze above him, President Jiang Zemin declared: "The return of Hong Kong to the motherland, after going through a century of vicissitudes, indicates that from now on the Hong Kong people have become true masters of this Chinese land."

There were no thanks or even soft words to the British. "Hong Kong's prosperity today in the final analysis has been built by Hong Kong compatriots. It is also inseparable from the development and support of the mainland," said Mr Jiang.

There could be no better contrast of the two systems between which Hong Kong finds itself than the sight of the two country's senior representatives on the dais. From the moment the Chinese President and his delegation entered the hall their demeanour was stiff. Even when China's national flag was raised and the March of the Volunteers boomed through the hall they betrayed no sign of emotion. The Chinese side had never wanted a public handover ceremony, and were

not going to let on that they were enjoying every victorious minute of it. Only the Prime Minister, Li Peng, seemed to allow himself one brief smile.

Mr Jiang, who in February had sobbed theatrically at the memorial service for Deng Xiaoping, yesterday looked no more sentimentally engaged than he does at a National People's Congress plenary session. Nor had he amended his turn of phrase to suit a more cosmopolitan audience. Hong Kong's return "is both a festival for the Chinese nation and a victory for the universal cause of peace and justice", he said. The day "will go down in the annals of history as a day which merits eternal memory".

Hong Kong's people, familiar with seeing Mr Jiang in action on foreign soil, will now silently be judging from direct experience what they make of their new leader. Mr Jiang again pledged that the new Special Administrative Region would keep its social and economic system. But Hong Kong will keep its laws only "basically unchanged"; residents will enjoy "various rights and

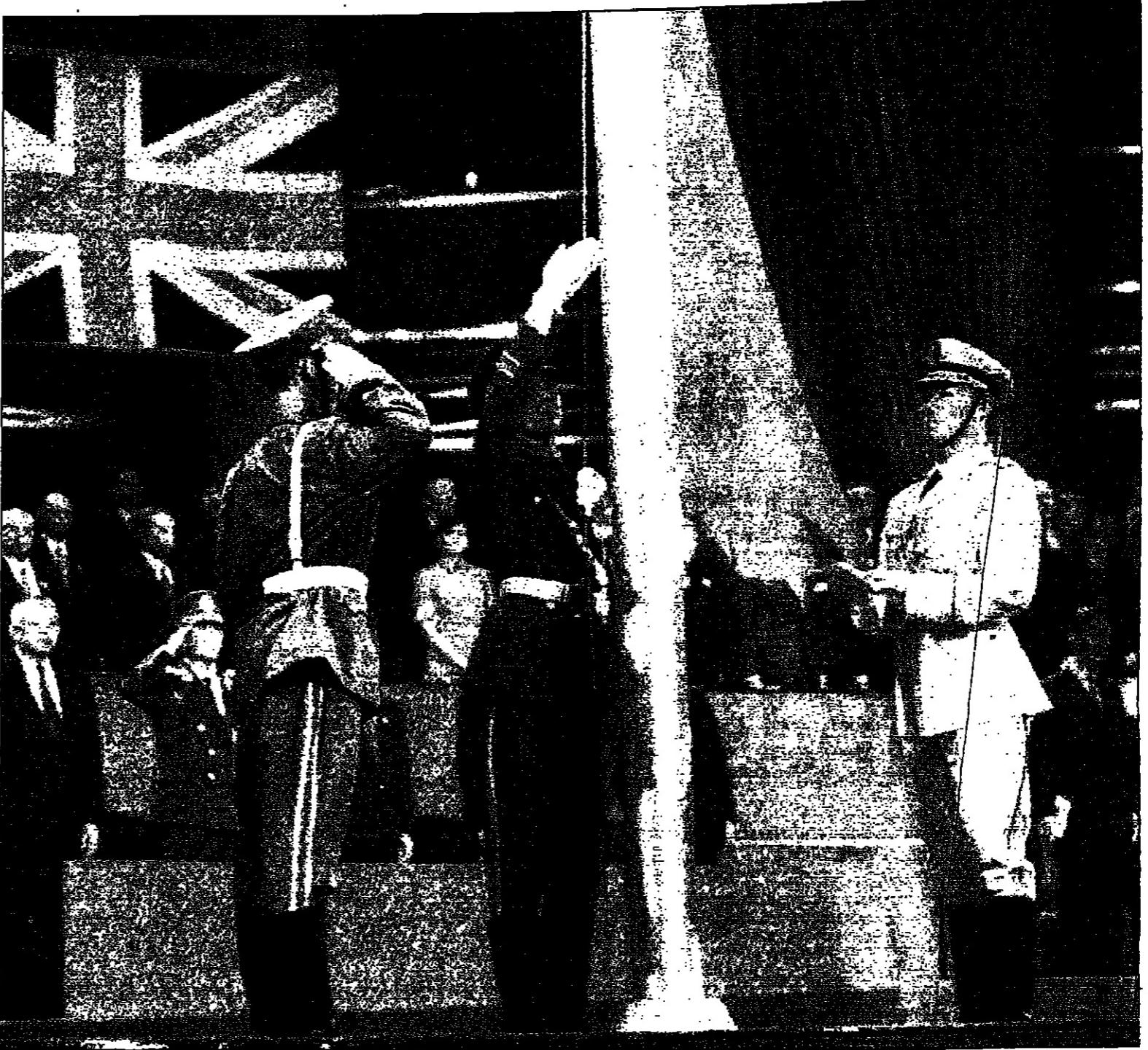
freedoms - according to law", and it will only be allowed to develop a democratic system "that suits Hong Kong's reality", he said.

It took just a few hours to put the stamp of mainland sovereignty indelibly on Hong Kong. By the early hours of this morning a new chief executive, hand-picked by Peking, had been sworn in, and Hong Kong's elected legislature replaced with one appointed by the mainland. Thus did the so-called "through train", the aim that the legislature could straddle the historic handover, come to a grinding halt in the Hong Kong Convention and Exhibition Centre.

The new Provisional Legislature was due to hold its first meeting at about 3am, passing the Reunification Bill, which introduces new public order, assembly and association restrictions and which replaces all elected tiers of government.

The manner of Mr Jiang's earlier arrival in Hong Kong illustrated the clash of political cultures which lies ahead. Against a backdrop of pouring rain, the President's Air China airplane landed just after 5pm at Hong Kong's airport. It would have been only a short drive from the luxury new villa in Shenzhen, the mainland special economic zone bordering Hong Kong, where Mr Jiang had spent the previous night. But that might have risked the possibility of encountering demonstrations along the way.

After being greeted at the airport, Mr Jiang was whisked off



Facing the future: President Jiang Zemin said 'Hong Kong people have become true masters of this Chinese land'

Photograph: David Rose

to the Harbour Plaza hotel, owned by one of the mainland's very wealthy Hong Kong friends, Li Ka-shing. It was there China's top leaders chose to dine rather than at the 4,000-strong lavish banquet laid on by the British. Almost his entire seven hours on Hong Kong soil before midnight was spent closeted in this hotel.

The Hong Kong handover ceremony was aimed as much to people inside China as to the world. Mr Jiang, who this autumn will be re-elected (unopposed) as head of the Chinese Communist Party and army chief, could not have asked for a better party political broadcast to be beamed at political rivals back at home. The President

knows his performance last night as China's leader should make him unassailable for the time being in the post-Deng era.

In the final ceremony, Mr Jiang stood flanked by some of those on whom his political future depends. As well as Mr Li the top team included the vice-chairman of the Central Military Commission, Zhang Wannian. Included in the 90-strong official Chinese delegation was the widow of Deng Xiaoping, Zhuo Lin, and one of the former paramount leader's daughters, Deng Lin. Deng, who died in February aged 92, was the architect of the "one country, two systems" policy.

This morning, Mr Jiang will have got his first real sight of Hong Kong when he joins morning celebrations before departing for Peking. Mr Li is not so adventurous, fully aware that he is a target for pro-democracy activists. He will depart at breakfast time for the more predictable celebrations in the Chinese capital. Never has a new sovereign power been quite so scared of hanging

## Protesters defy police to light flame of democracy

Angelica Cheung  
Hong Kong  
and Agencies

The leader of Hong Kong's Democratic Party, Martin Lee, served notice to China yesterday that he would fight on for democracy.

"We pledge to continue to be the voice of Hong Kong people - in or out of office - and to fight to get democracy back," Mr Lee told a crowd of thousands.

Within an hour of the midnight handover, Hong Kong's democrats put on a boisterous demonstration at the Legislative Council (Legco) building in the city centre, calling for freedom and democracy.

Despite earlier objections from the China-backed provisional legislature, a crowd gathered outside the Legco building, waiting for Mr Lee to give a "1 July declaration" on the balcony.

It was unclear until the last minute whether the police would allow Mr Lee to get on to the balcony, but he was very determined. He made it clear during a speech a few hours earlier that he had a 30ft ladder which he would use to climb "like Romeo" on to the balcony if the police tried to stop him.

The Democratic Party led by Mr Lee, a barrister, is the biggest and most popular po-



Political opposition: Anti-Peking protesters trying to press through police to march on the handover

Photograph: AFP

litical group in the former British colony. They won the largest number of seats in the Legco elections in 1995, when Hong Kong people had a first taste of democracy.

Peking refused to acknowledge the elections, insisting that the political reforms introduced by the last governor, Chris Patten, were against the Sino-British agreement and the Basic Law of 1993, which laid the groundwork for Hong Kong's post-handover constitution.

Last year, an interim body, comprising mainly pro-Peking figures from which the Democrats were excluded, was set up to take over after the handover.

The new chief executive, Tung Chee-hwa, who backs the provisional body, has said that elections in the newly-named Special Administrative Region are planned to be held next May.

The Democrats say they will stand for the elections, but they also fear that the rules may be changed to their disadvantage.

Mr Lee was expected to condemn China's curb on civil liberties and its decision to replace the elected law-making body with a Peking-appointed one, which was due to be sworn in early this morning. The declaration also expressed the party's determination to continue to fight for freedom and

democracy under Chinese rule, and for Western countries to monitor China's implementation of "one country, two systems". It urged the incoming government to hold elections as soon as possible.

Earlier yesterday evening, there was a whole series of pre-declaration activities in central Hong Kong, starting with speeches by political figures expressing their concern for democratic development in Hong Kong. There were also recitations, plays and concerts, while another democratic leader, Szeto Wah, delivered a handover speech. Later, the shirt-sleeved demonstrators wearing headbands and carry-

ing banners, marched through the streets, unaffected by the rain, heat and thunder.

Despite the countless celebratory activities going on in all corners of the city, Democrats were yesterday hopeful that many local Chinese would come to last night's demonstrations.

One spokesman said that if only 50 people joined the demonstration the authorities would arrest them. If there were 5,000 demonstrators, he said, the authorities would stare at them. If the number got to 50,000, "then the authorities will clear the road for you."

Businessman Alan Chan said: "All other mainstream ac-

tivities are predictable. As a Chinese, I support the handover. But I think Hong Kong people should support the Democrats, because now that the British are gone, the Democrats will be the only people who can defend our freedom. If the Democratic Party cannot survive, Hong Kong's future will not be promising."

Most of the ousted legislators from Legco plan to run in the elections promised for next year. "Some of us will leave this council in order to get back in in a way we want," said Christine Loh, who recently founded the Citizens' Party, which like the Democrats favours liberal reforms.

Despite all these promises, article 23 gives the SAR government the opportunity to give wide-ranging powers to deal with its critics.

Cynics will inevitably draw comparisons with the constitution of the People's Republic, which is also littered with pledges and rights that have been disregarded by the government.

## Freedoms guaranteed, but for how long?

Sam Coates

The Basic Law, Hong Kong's mini-constitution, guarantees that the territory will continue to be governed in much the same way under Chinese rule as it was during the British administration. It outlines the basis for Deng Xiaoping's "One Country - Two Systems" principle and enshrines in law people's freedoms. However, it also makes provision for the incoming Hong Kong government to override many of those guarantees if there is any threat of "subversion".

The ability of the Hong Kong government and judiciary to make deci-

sions independently of China is set out in article 2 of the Basic Law. This states that Hong Kong will have "a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of this law". This is supplemented by article 3, which ensures that the government will only be made up of Hong Kong people, not by officials drafted in from the mainland.

The "One Country, Two Systems" principle is outlined in article 5: "The socialist system and policies shall not be practised in the Hong Kong SAR [special administrative region], and the Legisla-

tive Council will be elected. How- ever, because of Chris Patten's decision to widen the franchise for the Legislative Council election in 1995, China has decided to scrap the existing Legco. The eventual aim, according to the Basic Law, is "the election of all members of the Legislative Council by universal suffrage".

Despite all these promises, article 23 gives the SAR government the opportunity to enact laws which could overturn many of the freedoms outlined in the other parts of the Basic Law. It comes into force if there is a threat of "an act of treason, secession, sedition [or] subversion" against China, or "theft of state secrets". It is also

designed "to prohibit foreign political organisations or bodies from conducting political activities in the region, and to prohibit political organisations or bodies of the region from establishing ties with foreign political organisations or bodies".

This has been interpreted by many as giving the new administration wide-ranging powers to deal with its critics.

Cynics will inevitably draw comparisons with the constitution of the People's Republic, which is also littered with pledges and rights that have been disregarded by the government.

Many people are also put off by politics. They are unhappy with the worst side of the business when politicians from different parties spend more time exchanging insults with each other than in finding solutions to real problems. We must get out of this way of thinking otherwise we will never believe participation and representation are important in public life. We run the danger of continuing to leave important decisions to others whose interests might be

I am told constantly that my wish to bring nobility back to politics is naive. I am told that when power is involved, then there will

## No time as forces land, see

John Vines

China established military within British



Changing lives: In an occasional series, Christine Loh, a leading Hong Kong democrat, reflects on the handover

always be too much vested interest to act from principle.

I think this view is too cynical. I see putting decision-making as all other decision-making. Choices must be made all the time. We can all make better choices. To compromise is not necessarily to veer from principle unless decisions are made contrary to the public interest. A compromise should be a win-win decision after all.

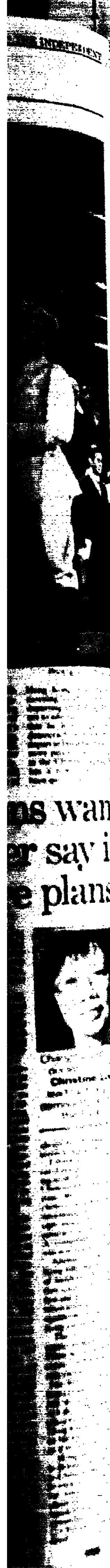
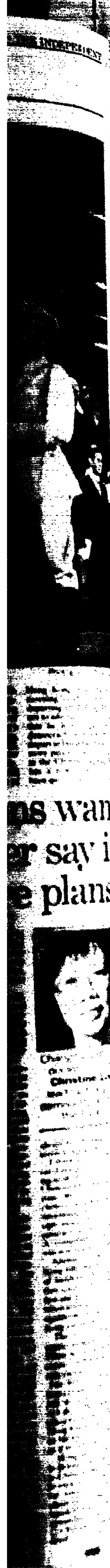
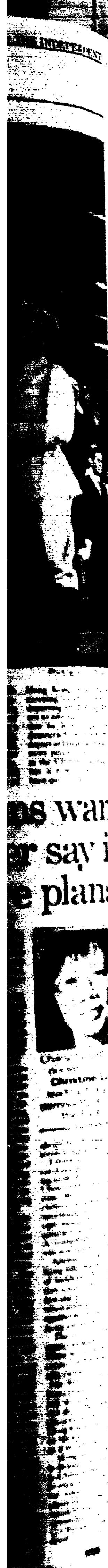
Anyway, the majority of Hong Kong folk enjoyed the five days of handover holidays because they could have a long break first and foremost. For an event billed internationally as the most significant one of the year, Hong Kong people were rather blasé.

The official change of sovereignty ceremonies were solemn. Those whose jobs were to "celebrate" worked hard, but ordinary people remained indifferent.

I see this as the strength of Hong Kong people. We don't jubilate just because we are supposed to or told to. We don't act excited when we are not. We accept that Hong Kong is now a part of China but we are not prepared to act as if we have no anxieties.

Hong Kong's calm goodbye to Britain and cautious welcome to China is entirely appropriate in view of the fact that we had no voice in determining the chain of events leading to the handover, and our elected representatives are being ejected. □ Christine Loh is chair of the newly-formed Citizen's Party.

China marched in



# Carnival comes to Peking streets

100,000 gather in Tiananmen Square to celebrate return of the territory on an extraordinary day'

Ted Plaister  
Peking

Some 1,200 miles to the north of the formalities taking place in Hong Kong, an invitation-only crowd of more than 100,000 gathered in Tiananmen Square in Peking. They counted down the seconds to midnight, and then issued an enormous cheer to welcome the return of the territory to Chinese sovereignty.

The moment capped days of excited anticipation in the Chinese capital. Its major streets decorated with fairy lights, coloured flags and red Chinese lanterns, Peking has enjoyed an unusual carnival-like atmosphere.

Residents and visitors alike have thronged to Tiananmen Square in recent days, brandishing both the national flag of China and the new flag of the Hong Kong Special Administrative Region.

"This is an extraordinary day for all Chinese people, no matter where they live. This is a day to remember forever," said Liu Jinghai, who travelled from Shanghai together with his wife, daughter and parents to be in Peking for the festivities.

Mr Liu and his family spent yesterday afternoon strolling the square and then joined a long queue of people waiting to snap their photographs in front of a huge digital clock that for months has been counting down the days and seconds to the Hong Kong handover.

"We just want a picture of ourselves in front of the clock as it shows only one day remaining," his 12-year-old daughter said.

While ordinary citizens have been granted a two-day holiday to mark the turnover, thousands of Chinese police and paramilitary police have been working overtime.

Their task has been a delicate one. Although the Chinese authorities have encouraged an energetic and



patriotic response, they are also concerned about the potential for any spontaneous outpouring to turn disorderly or, worse, into an occasion for the expression of other, unsanctioned political views.

Tiananmen Square remained open to all of Peking's 11 million residents until late on Monday after-

noon, but attendance at the all-night party was limited to a carefully chosen élite of 100,000.

Those in Hong Kong who fret about the presence of Chinese troops in their midst might take some cheer from the behaviour of the Peking police who yesterday cleared tens of thousands of revellers from the

square to prepare for the evening's celebration.

Passably civil if not quite polite, uniformed police shepherded crowds away from the vicinity of the massive square and urged people to go home and watch the festivities on their televisions.

They were armed with nothing

more than bullhorns, but visible in the back streets around the square and on the grounds of the nearby Museum of Revolutionary History there were additional police, prepared to provide extra support.

Many members of the crowd

sought to linger, or to wander back toward the square, but they all good

naturedly heeded the warnings to continue moving away.

"I am sorry I can't attend tonight's party, but I am very happy to be able to come here today," said a mid-ranking official in the Chinese Ministry of Justice, who declined to give his name.

"I lived for five years in Japan and

Set piece: Dancers adding a swirl of colour to a background of rain for the farewell ceremony in Hong Kong yesterday. The formal celebrations were accompanied by parties and dinners that used the occasion as an excuse for extravagance

Photograph: David Rose

I could have remained there, but I wanted to come back. This is a great time to be in China. Our country is growing strong and Hong Kong's return is the greatest proof of that," he said.

Elsewhere in Peking, excitement likewise verged on disorder. A branch post office on South Dong Si Avenue was besieged by an unruly crowd hoping to get part of an advance allotment of special commemorative stamps being issued to mark the return of Hong Kong to China.

At least one thousand people queued around the block, with the two hundred of them nearest the front pushing forcefully to get in.

"I have been waiting here for two hours, and I am planning to buy the special edition gold-foil stamp. I think it will go up in value, but I mainly want it as a souvenir," said one punter who declined to give his name.

For all their excitement, some in Peking said yesterday that they were growing weary of the lengthy build up to the turnover, and of the centrally choreographed celebrations.

The return of Hong Kong is of course a very nice thing for China, but I wish the government would spend less money on lights and banners and decorations. They should be spending that money to build decent housing for ordinary people," one Peking driver said.

■ Reuters — A choir of 10,000 singers lined the banks of Shanghai's Huangpu river and sang the revolutionary hymn "Without the Communist Party there would be no New China" and a new pop song "1997". In the boomtown of Shenzhen, lion dancers, children beating drums and flag-waving residents cheered as the first 509 active troops of the People's Liberation Army entered Hong Kong.

## No time wasted as forces arrive by land, sea and air

Stephen Vines  
Hong Kong

China wasted no time asserting its newly-regained sovereignty over Hong Kong. Within six hours of the handover, 4,000 troops of the People's Liberation Army (PLA) were due to arrive at dawn by land, sea and air.

A small contingent of 509 soldiers drove into the territory three hours before the handover to be ready, in the words of a decree from President Jiang Zemin, to take over the defence of China's newest region. The bulk of the troops were due to enter by three land crossings. Naval forces were due to arrive in 10 ships; with six helicopters comprising the air arrival. Most controversially, China was due to send in 21 armoured cars similar to those deployed in the 1989 Tiananmen Square massacre.

Although this caused some alarm in Hong Kong, villagers in areas close to the border flocked to the route to the centre of town with flags, flowers and colourful bunting saying "Welcome to the Reunification of Hong Kong with the Mainland".

The Chinese military garrison will consist of 4,700 troops, many more than were stationed in Hong Kong by Britain in recent years. They will occupy the British-built barracks and headquarters building, as well as taking over a recently-constructed naval base custom-built for the new arrivals.

At the stroke of midnight yesterday, China's red flag was raised over the former British

territory. China rushes to establish a military presence within hours of British departure

military headquarters, the Prince of Wales Building, which has yet to be renamed. Clad in newly-designed uniforms and armed with rudimentary knowledge of Cantonese as well as English, the PLA garrison is seen as an elite force.

As they left the Chinese border town of Shenzhen the troops were instructed by General Liu Huaxiong, vice chairman of the Central Military Commission, to be on their best behaviour.

"With your actual deeds you must win the support and love of the Hong Kong people," he said.

Although an elite force in Chinese eyes, they will be pawns by Hong Kong standards, earning less than £10 per month, which is the price of a couple of beers in some of the more trendy bars.

They were given a rousing send off by children banging drums and waving ribbons, as lion dancers twisted and turned to bring good luck. Once well respected, the PLA's reputation has been severely damaged by its role in the Tiananmen Square massacre. One of the generals commanding the new Hong Kong forces told Bryan Dutton, the outgoing British

commissioner, said he was well aware of the army's need to restore its image and save the Hong Kong deployment as an opportunity to show the world that it could do so.

However both the relatively large size of the garrison and the decision to bring armoured cars, which could well be used for internal control purposes, has been criticised by the American and British governments. Robert Cook, the Foreign Secretary, said that "there is no doubt that China has the right to station units of the PLA in Hong Kong". But he questioned "the scale of the initial deployment" and said that bringing in armoured cars was unnecessary and "counterproductive".

China insists that the stationing of troops is entirely a matter of Chinese sovereignty and is no business of anyone else. At an early stage in the negotiations for Hong Kong's handover, the late Chinese leader, Deng Xiaoping, flew into a rage on being told that his officials had been sympathetic to British demands for a minimal Chinese military presence in Hong Kong. He insisted that China would maintain a garrison at least as large as Britain's.

The troops in Hong Kong are backed up by a sizable force on China's border which can be mobilised in case of emergency.

All troops in the region have been put on alert during the handover period, reflecting China's extreme anxiety over stability in the early days of Chinese rule in Hong Kong.

## Colonial colours make way for Chinese



Symbolic gesture: The Union flag and the former Hong Kong flag being lowered for the last time

Photograph: David Rose

## Blair accepts invitation to visit China

Teresa Peela  
Hong Kong

Tony Blair, the Prime Minister, last night accepted an invitation from President Jiang Zemin to visit China. During a 40-minute meeting, during which the Chinese president joked about Mr Blair's youth and how to overcome jet lag, the two leaders talked about "a new beginning" for a bilateral relationship which had spent the past five years on a roller-coaster of rows and recriminations.

About three hours before the British flag came down for the last time in Hong Kong, Mr Blair told the Chinese President: "I would very much like to see that as this chapter in our history ends, we open a new chapter for the future, one of partnership and prosperity for our countries." He said that Britain wanted a relationship "based on the 21st century, putting the battles and struggles of the past behind us because we want a new relationship for a new world". A red bound volume of Shakespeare's collected works was presented to Mr Jiang, who tends to be fond of quoting the bard when meeting foreigners.

Mr Jiang, remembering how, as mayor of Shanghai, he received the Queen

in 1986, congratulated Mr Blair on his election victory and issued a formal invitation to Mr Blair to visit China. A couple of hours later, Mr Jiang was able to renew his contact with British royalty with a brief exchange with Prince Charles.

Coming from a country where top leaders tend to reach their position long after they are pensionable, the 70-year-old Chinese President was bedazzled by the 44-year-old Blair's youth. "If there is one thing I have to admire about you, you are a young man. And it is pointless to be jealous of that because it is an objective reality." His youth, it was suggested, might have helped him with the jet-lag.

No time scale was discussed for a Blair visit to China, which will be the first by a British prime minister since a disastrous trip in 1991 by John Major. Robin Cook, the Foreign Secretary, earlier told his counterpart, Qian Qichen, that he would like to visit before the end of this year. This autumn, Mr Jiang has both the Communist party congress and a state visit to the United States, so Mr Blair will

probably have to wait until next year. He last visited China in 1988. "I was even younger then," quipped Mr Blair.

The good-natured exchanges of

meeting, however, will not be enough to ensure a smooth ride during the next phase of Sino-British relations. And Hong Kong is still going to be the sticking point. Mr Blair repeatedly emphasised that China's adherence to the Joint Declaration, including free and fair elections, was a prerequisite to a new era in bilateral ties. He also had talks with the Prime Minister, Li Peng.

Hong Kong's new leader, Ting Cheehwa, promised elections by next May "at the latest", which would replace the China-appointed legislature sworn in last night. However, Mr Ting intends to change the voting system even for the minority of directly-elected seats, and the proposed new electoral systems would all result in a reduction in the number of seats likely to be won by the Democratic Party. It remains to be seen how tough the British government will be if

### How China marched in

China moved as best contingent of troops to Hong Kong at around 6pm local time from Shenzhen via Hong Kong port



# Hong Kong handover

## Territory toes the party line with a big bash

For many residents, the point of the night wasn't politics - it was the chance to celebrate

Susan Oh  
and Sam Coates

While the world's attention was focused on the handing over of power from one nation to another in Hong Kong's Convention and Exhibition Centre, for residents of the (former) British colony, that particular event may not have been of quite such dramatic importance. For many

outside the Convention Centre, the evening was spent wining and dining in one or several of the territory's many parties.

Socialites in custom-made colonial gowns and cheongsams at the Regent Handover Extravaganza toasted Hong Kong's last few minutes of British rule with Champagne and a fanfare, as part of a bash that cost over \$1m in sets, costumes and live entertainment.

The highlight was the appearance of a "governor" in 1850s Edwardian dress and a Chinese beauty draped in a red cheongsam made of mirrors, who were escorted across a ballroom by a pair of Sikh guards to live bagpipe music. At that point Britannia herself stepped in, adorned in a crystal studded fake fur gown and followed by flag bearers. Then on the stroke of midnight, the entire ballroom was transformed into a deft mock-up of Tiananmen Square.

At that moment on the other side of the harbour, the likes of supermodel Claudia Schiffer were finishing off their fifth and final course whilst watching the Convention Centre ceremonies, before taking to the dance floor



Jacking it in: Revellers carrying a Union Flag through the Hong Kong streets

Photograph: David Rose

once again to dance away the night, accompanied by a live band.

Those on the guest list of one private party in the Middletons area were treated to a tape from the China Products Emporium department store, greeting the new Chinese leaders. Then immediately after midnight, the group promised they were going to first toast the Queen and sing the British National Anthem, followed immediately with a toast to the Chinese leadership. Those who knew the Mandarin lyrics would then join in a muzak-and-chorus recording of China's national anthem.

There were the odd places, however, where celebrations were not quite as lively as they could have been. Hong Kong's most famous hotel, the Peninsula, which overlooks the har-

bour, passed over the opportunity of a handover party, preferring instead to organise a series of dinner-dances in each of its restaurants. They didn't even count down the last few seconds of colonial rule - some

events were in celebration of the club's sixth birthday.

For most people in the territory, many of whom work six or seven-day weeks, the almost unprecedented five days holiday that has been granted over the

### 'Every inch of space was used for partying, in cafes and on junks'

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held last Saturday night at an exhibition centre near the airport. It was organised by prominent local businessmen, and despite the entrance fee costing over HK\$75 (£60), tens of thousands of people packed in to the venue to hear the live bands and DJs. Many, however, did not last all the way through to the end as it lasted a mammoth 12 hours, from 10pm on Saturday night through to 10am on Sunday morning.

The rave included a number of celebrity guest stars, including DJ Boy George and Grace Jones.

The Harbour was the focus

for many people's celebrations

in recent days, with junks all around the island. Several people coasted round the special exclusion zones to watch the British and Chinese firework displays from a better vantage point than the tens of thousands who were trying to see from the harbour side.

Many will take to the water again this evening, to see the "Hong Kong 97 Spectacular" - a fireworks and light show spanning the entire harbour. It is produced by Don Mischler, who directed the opening and closing ceremonies at the Atlanta Olympic Games and organised the Grand Opening of Euro Disney.



Open house: The scene at Government House yesterday

## New uses for an old home

Stephen Vines  
Hong Kong

Government House, the home

and office of successive Hong

Kong governors, will not be

come a "museum of colonial

atrocities" as the outgoing Governor Chris Patten liked to joke. Instead it will be a mixture of an official guest house, a place for formal government occasions and parts of it might well be open to the public.

Tung Chee-hwa, Mr Patten's

successor, has declined to live

there because he fears it has had

feng shui, meaning that its lo-

cation is unfavourably oriented

and could bring bad luck.

However Mr Tung seems to

have been impressed by the last

Governor's tentative attempts at

opening up the house. He made

the premises available for char-

ity concerts and opened the gar-

dens at times when the azaleas

and rhododendrons bloomed.

The 100 or so staff had been

fearful that they would lose

their jobs, but have now been

told they can stay on although it is not clear what functions people like the tailor and various office staff will perform.

Mr Tung is not even intend-

ing to have an office in Gov-

ernment House. He prefers to

operate from the 1960s munici-

pal town hall-style Govern-

ment Secretariat down the hill.

This involves kicking both the

Chief Secretary and Financial

Secretary out of their offices to

create a new suite of rooms for the top man.

Government House, built in

1855 and briefly occupied by the

commander of the Japanese

forces during the Second World

War, is seen as just that bit too

colonial for the new order. It is

remarkably similar to other

colonial buildings in the Far

East and, by Hong Kong stand-

ards, is remarkably old.

Were the new order keen to

raise some cash they might con-

sider releasing this prime prop-

erty for redevelopment. It would

be sure to fetch a price some-

where in the outer stratosphere.

## What the Chinese press had to say

Angelica Cheung

On the morning of 1 July, on top of that, thousands of villagers spontaneously organised "welcome teams" to meet the Chinese army.

Other reports included the news that Shenzhen public security bureau had received information that two separatists from Xinjiang province on the north-west border had entered the city at the Hong Kong-China border, and were planning to place bombs, possibly at the railway station during the handover.

There were also reports said to be from British military intelligence sources which said that the IRA was planning to create trouble in Hong Kong to attract world attention.

On the China pages, the *Economic Journal* reported that Peking had decided to carry out a major reorganisation of its publishing business. All the internally distributed publications would be closed down and

Angelica Cheung took a look through the Hong Kong newspapers on the last day of colonial rule and found them focusing on the handover celebrations

registration for new newspapers had stopped since early last year. At present, there are 2,202 registered newspapers in China, plus more than 6,400 internally distributed ones.

On the entertainment front, action star Jackie Chan had returned to the territory from the shooting of his new movie to participate in the handover extravaganza, plowing the role of lead drummer. For the first time in 20 years, seven top stuntmen-turned action stars would reunite, and put on a show to celebrate the handover.

All the editors of the Chinese press commented on the end of the British colonial rule last night. The out-spoken *Apple Daily*, owned by anti-Communist businessman Jimmy Lai, said that when the British occupied Hong Kong during the Opium War, they never expected that the deserted island would become the most free and prosperous economic centre in the world. It said Hong Kong's history reflected the merging of two different kinds

of culture - Asian and Western - which had made the territory a place of creativity. The paper said the British had come with shame, but after creating a wonder in the world, they could retreat with honour.

The mainstream *Ming Pao* pointed out that although Hong Kong should go back to China, people should think about what British legacy should be preserved after the handover.

It said the British had set up a sensible and modern system,

so that diligent Hong Kong people could compete freely on an equal footing and make use of the opportunities brought by China's open door policy. The paper said the efficient system comprised three parts: a free-market economy, a clean and efficient bureaucratic team and rule of law, which the new government should maintain.

The business daily *Hong Kong Economic Times* commented on the potential economic changes brought by the handover, saying that under British colonial rule, British companies had enjoyed privileges in the territory.

But in a new era which began today, the dominant players on Hong Kong's economic scene would be Hong Kong Chinese and mainland capitals, and if the British could put themselves in a proper position, they could continue to have a part in Hong Kong's prosperity.

The Peking-backed *Ta Kung Pao* editorial was titled "Goodbye Britannia", having a go at the Democrats.

It said that it was time for Hong Kong Chinese to look forward to the new era, and that if Hong Kong people wanted democracy and freedom, the first thing was to put colonial system to an end. It said the Democratic Party leaders might be temporary guests on the *Britannia*, but eventually, they had to come back to land.

## News-stands are closed in police clampdown

Stephen Vines

News-stands in the streets near Hong Kong's Convention Centre, where the handover ceremonies were taking place, were shut down by the police during the five-day period set aside to mark the event.

The police claim that the clampdown on newspaper sales is part of a routine crackdown on illegal hawkers. However, licensed news-stands have also been shut down. In addition, hawkers selling newspapers and mag-

azines in the nearby Causeway Bay area have been requested by the police to place controversial political publications either under the counter, or in less prominent positions.

Hawkers were told that the closure was prompted by fears that they would display sensitive publications which might offend guests participating in the handover events. This unprecedented closure of news-stands prompted the editor of a China-watching magazine to say: "It sends a very worrying message if the police are already preventing

the sale or even display of publications which may be offensive to people taking part in official events."

The shut down has been conducted beneath a veil of secrecy and began before the handover ceremonies even started. It appears to be part of a process of placing a ring of steel around the convention centre, both for purposes of security and to ensure that the Chinese government participants are not aware of any protests or any form of activity which can be regarded as critical of the new government.

Aside from attempts to keep newspapers off the streets around the convention centre, the impression of an early start for press censorship was reinforced on Sunday night when both Hong Kong television stations were accused of refusing to cover a protest rally organised by the Democratic Party, Hong Kong's largest party. The party says that a diminishing number of their events have been receiving television coverage. However, the Sunday night demonstration was well covered by foreign television stations.

As if to prove a point the television stations also declined to cover last week's launch of a report on freedom of expression in Hong Kong compiled by the Journalists' Association and the Article 19 anti-censorship pressure group. Reports of this kind used to be well reported by the electronic media which had a healthy appetite for press freedom stories. Carol Lai, the association's chairwoman, said the Hong Kong media was facing a crucial test in the coming weeks. She was unable to be optimistic about the outcome.

Stephen Vines

The sun sets on Lily Wong's world

Lily Wong's civil servants tend to view life under Chinese sovereignty with a certain apprehension, and none more so than Lily Wong, writes Teresa Poole.

What does the future hold? In the first instance, a decent holiday to recover from all those fireworks. Lily's the sort of girl who likes the idea of lounging around on the beach on Australia's Gold Coast, says her creator, Larry Feign.

As readers of *The Independent* know, Lily was rescued from premature retirement

when this newspaper decided she was the right person to guide us through the final 100 days of British rule in Hong Kong. The cartoon strip - *The World of Lily Wong* - has appeared daily.

Lily became *personna non grata* in the territory in May 1995, when the *South China Morning Post* abruptly cancelled Mr Feign's contract, prior to publication of a strip which dealt with the use of executed Chinese prisoners for organ transplants.

Mr Feign, 41, yesterday said he had been delighted at the 100-day reprieve. "It has been a chance to finish the story, I feel a great sense of completion, not least because she had

become such a real person." Since ties were severed by the *South China Morning Post*, Mr Feign has found it impossible to get work in Hong Kong. "I've been blacklisted, I can't even find work doing illustrations for a company brochure," he said.

So Mr Feign, and his Hong Kong wife and baby, intend to leave - like Lily Wong - but to where, who knows?

While the Lily Wong series for *The Independent* ends this morning, she can still be reached through her web-page: [www.asiaonline.net/lilywong](http://www.asiaonline.net/lilywong).

**THE WORLD OF LILY WONG**

Lily Wong's world is a satirical cartoon strip by Larry Feign, featuring the character Lily Wong, a Chinese woman who is a civil servant in Hong Kong. The strip is published in The Independent and the South China Morning Post.

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Lily Wong's

# Be brave, Chancellor: let's have a radical Budget

**S**o, is Labour going to have to offend people at last? Tomorrow's Budget will bring winners and losers. Conventional wisdom holds that the Chancellor cannot help but burst the Blair bubble, puncturing the unreality of a two-month-old administration that has pleased rich and poor, left and right, cynical and gullible alike. Do not be so sure. The Government has raised the art of massaging expectations to a higher, unfamiliar plane, and there is no reason why "Flash" Gordon should not make a presentation that will surprise and gratify most people. The weekend trashing of the abolition of mortgage tax relief was particularly impressive: for suspicious minds it suggests that Labour's sultans of spin are on a mission to misinform, and that the plan is for Mr Brown to announce the survival of the tax subsidy, to a chorus of grateful approval from Middle England. On the other hand, the case for abolition is overwhelming; perhaps he will simply speed up its staged withdrawal, clamping house prices without immediately taking £6 a week from home-owners.

Speculation, of course, is futile. So let us try to stick to the big picture, and keep the hype at bay. This Budget matters terribly: there ought to be butterflies in Mr Brown's stomach as he rises to the Dispatch Box. He knows how important it is for the Blair-Brown project that he gets it right. After this Budget, the Government will have lost its

innocence. Possibilities that were open will have closed.

What matters as much as the specific measures are the signals that the Budget sends about Labour's values and priorities. Economic behaviour will be changed not just by direct financial incentives, but by a knowledge of the direction of public policy. In 1979, Geoffrey Howe not only encouraged trade and travel by abolishing exchange controls; he also conveyed a sense of the government's determination to adhere to its philosophy of economic liberalism.

Whether or not Mr Brown's Budget makes a similar bang, it is bound to make the Government's direction clearer. Some of Mr Brown's priorities are those of any chancellor: Investment, Jobs, Low inflation. Winning the next election. To a large extent, these reinforce each other, and their relative weight is a matter of pragmatic judgement. But there are other, more contentious priorities, each of which could end up being recorded by history as the distinctive feature of this Budget.

The original purpose of an early mini-Budget was always to levy tax on the windfall profits of privatised utilities, so the welfare-to-work scheme for which this is to pay has been elevated to the status of Labour's Big Idea. But it is an unsatisfactory one, as it is clear neither what precisely the idea is, nor how big it may be. The fuzziest edge around welfare-to-work is the interface with lone

parents. While a dwindling number of the young unemployed are to be offered training and work schemes, along with some older, long-term unemployed, the Chancellor has shown relatively little interest in one million lone mothers.

The trouble is, few of them can earn enough both to cut their dependence on benefits and to pay for child care. And spending all that money as a one-off to employ 250,000 young people may lead Labour down a cul-de-sac: surely it would be better to use the windfall levy for a single leap in educational standards for the least able 14-19 year-olds?

The windfall/welfare idea looks a

little faded now that Labour is in power. It has also become confused by Mr Brown's attempt to frighten us with an official report claiming a "black hole" in the public finances, thereby raising the whole question of whether or not taxes should be raised. Let us hope this is part of the pre-match spin too; a City-led fever that will soon subside. Gavin Davies, columnist for *The Independent* and an adviser to the Chancellor, has argued convincingly in these pages that government borrowing will come down faster than predicted.

Meanwhile, the Budget has also been loaded with the baggage of "fairness".

It is in the name of this euphemism for "equality" that Mr Brown will announce a cut in VAT on home gas and electricity from 8 per cent to 5 per cent. But as this will provide the most benefit to those who use most energy - that is, the better off - he will have to do something else to keep that baggage on board. It is important that he does so, because the privatised utility bosses have a limited shelf-life as scapegoats.

The cut in VAT also contradicts another priority (rather more recent), that of greening the planet. For someone who came to power explicitly not promising the Earth, Tony Blair last week sounded suspiciously as if he were planning to rescue it. But that Earth Summit speech, and the *sotto voce* rumblings about green taxes from the Chancellor, will be empty without real goods. Merely taxing fuel is not the answer; petrol is already heavily taxed. Instead we should find ways to encourage people to buy cars that use less of it, and make it convenient and cheap for them to use other kinds of transport.

Real radicalism means finding new forms of persuasion, new ways of approaching tax (by, for example, signalling an intention to unify the tax and benefits system). It means ditching anything hinting at make-work, to concentrate on radical reform of the education system, properly funded. It means challenging the NHS to devise new ways of organising itself more effi-

ciently, and making judgements about which treatments it can afford, and when. It means breaking down the "us and them" mentality in private and public enterprise (yes, it is still there, even after all these years). And all this needs to happen while keeping firmly in place the managerial and economic liberties that have stimulated this recent period of sustained growth in Britain. That, Gordon, is what radical means now.

## A man of failure? No fear

Yesterday we reported that men would achieve more if they didn't suffer from a fear of failing. Through anxiety about not achieving, they shy from making the attempt. Men tend to think they are perceived as childish when they express emotion, when in fact they are childish when they do not. Chris Patten does not belong to this group. He took on a job that had failure written into the contract, in the sense that he had to surrender his task at the end, knowing his work would be mostly unstitched. But his achievement is considerable. He held to his principles of honesty, openness, liberty and decision. And he had the grace to weep on parting, which (since they understand what they feel) is what grown-up people do.

## LETTERS TO THE EDITOR

### Death in cell: officials had been warned

**Sir:** It gives me no satisfaction to write, following the inquest into the tragic and unnecessary death in his cell at Brentford magistrates' court of Peter Austin on 29 January, to say that I had warned the Prison Service of concerns about the care of prisoners while in the custody of Securicor Custodial Services ("Securicor staff suspended for death in their care", 26 June).

In June 1994, I was among 40 people appointed to a panel of lay observers to courts in the London area under s.81(h) of the Criminal Justice Act 1991. It quickly became apparent that lay observers were to be no more than Home Office stooges, with no recognition of their statutory role. After seeking to influence change from within, but without success, I resigned in disgust in March 1996. I regretted doing so as the work of lay observers is potentially extremely important, but I left in the knowledge that some truly excellent fellow members remained on the panel – although many of the original 40 had also resigned by that time, some for similar reasons.

The statutory duty imposed on lay observers is to "inspect the conditions in which prisoners are transported or held in pursuance of the regulations and to make recommendations to the Secretary of State". Almost from the outset, as lay observers we were limited in what we were permitted to comment or report on: matters relating to Securicor staff or the physical conditions in which prisoners were held, we were told, were beyond our remit, thereby rendering us virtually impotent. The two annual reports produced by the panel, written by the chairman, failed to draw attention to important concerns expressed by panel members.

It appeared Home Office officials worked in fear of incurring the displeasure of the Home Secretary. His wrath knew no bounds, and they did not want to report or draw attention to matters that might rouse him. It was maintained that comments about Securicor staff were "contractual", and therefore "commercially confidential" and solely between the Home Office and Securicor.

Many of the custody areas in the courts were inadequate, frequently squalid and dirty and lacking in basic facilities. The fact that the Lord Chancellor's Department needed to find a considerable sum to bring them up to a reasonable standard was not something the panel's monitor, a Home Office official, wished to report.

Before and after my resignation I had meetings with and wrote to Prison Service officials about my concerns. So far as I know my expressions of concern have not been acted on.

The present Home Secretary would be well advised to call for the papers and review the operation of the monitoring and lay observer arrangements for the prisoner escort contracts. The London scheme was complacent, weak and flawed and this situation is probably reported elsewhere in the country. It is in need of thorough overhaul. It is our duty to ensure that the lessons are learnt from Mr Austin's death.

NICHOLAS LONG  
London SW4

**Sir:** As those representing the family of Peter Austin, we write to express some of the concerns his death has highlighted.



During the seven-day inquest there were no fewer than seven legal teams representing Securicor (the company), Securicor (the employees), the Commissioner of Police for the Metropolis, the Police Federation (representing the individual police officers), the police doctor, the local authority and the Home Office. These were well resourced out of public or corporate funds. The family of Peter Austin, on the other hand, had to rely on voluntary help as legal aid is not available for inquests.

We discovered during the inquest that the Home Office had already had an internal inquiry and that none of the documents from this, or its conclusion, were to be made available to the family, the coroner or the jury. Other documents in the possession of the police were only disclosed during the inquest, there being no advance disclosure to the family.

Although the Home Office is obliged by statute to monitor and review the prisoner escort arrangements, we were shocked to see that the barrister representing the Home Office made no inquiry into the conduct of the seven Securicor officers who gave evidence. It was only through questions from the family's barrister that the gross inadequacies of training and care in this case were brought into the public domain. It is imperative that the Government look into the issue of private security firms and their care of detained persons. The jury's verdict and the public interest demand this.

DEBORAH COLES

Co-director, Inquest

SADIO KHAN  
Christian Fisher solicitors  
London NW1

### Clinton ducks climate issue

**Sir:** I applaud John Gummer's criticism (article, 28 June) of President Clinton's Earth Summit speech while bemoaning Michael Meacher's conciliatory noises about the "positive" tone of the speech. By not setting targets for reductions in greenhouse gases, Clinton is signalling that he is beholden to American "business as usual" consortia such as the Global Climate Coalition, which includes oil companies.

Although the insurance industry is now raising premiums because of the greater risk of extreme events related to climate change, businesses represented by the GCC and similar consortia are resisting the need to modify their operations. Short-term profit considerations overrule long-term concerns for the planet.

Clinton is also failing miserably in calling upon scientists to devise new technologies to cope with pollution and climate change: a classic case of treating the symptoms while ignoring the underlying disease. By all means, let us properly fund scientific research into the climate system, but at the same time we should reduce our ecological footprint on the only world we have.

DR DAVID CROMWELL  
Southampton Green Party

Sir: There has been disappointment expressed at the conference in Denver that

countries have not faced up to the problem of carbon-dioxide emissions. This is no doubt something that wealthy countries will have to do. In the meantime there is a simple and painless way to help reduce the consumption of fossil fuels. Reduce central heating.

How many of us wear summer clothes indoors in winter or heat the whole house even when some rooms are not in use? Offices are so warm that shirt-sleeves are worn in winter. Often when we go into a shop, dressed for outside winter, we are engulfed by another climate zone. If offices, shops and homes all reduced heating even by one degree we would help to slow down the greenhouse effect.

JEAN ARMSTRONG  
Clun, Shropshire

Sir: I think Ani Harris could already "give back" surplus electricity from roof solar panels (letter, 23 June). Ensure the local and grid supplies are synchronised in frequency and phase, then provided your generation voltage is a bit higher than theirs, after connecting together the energy flow will be reversed, and the meter will run backwards.

However, I'm sure the suppliers would be very unhappy about any kind of amateur installation, given the obvious need to meet stringent safety requirements that would protect both your correspondent's system and the National Grid!

A much better, cheaper and simpler use of solar power is to supplement the domestic hot water supply, more especially if this uses

an electric immersion heater as the main source.

Dr TIM DENNIS  
Birch, Essex

Sir: "I drove to work at the United Nations this morning..." writes Mr Rusling from the Palais des Nations in Geneva (letter, 28 June). Meanwhile in New York a special session of his organisation's General Assembly was discussing the need for us all to adopt more sustainable lifestyles. Is there no public transport in Geneva?

ALEX GALLOWAY  
London SE6

people and a potential skill shortage now needs to be addressed.

It is worth noting in all the hullabaloo that if this had been an American franchise, the British bid would have been disallowed. As it is, the Americans had a fair crack of the whip, and lost.

PHIL WOODS MP  
*Oldham East and Salford  
(Lab)*  
House of Commons  
London SW1

**Pirate CDs**

**Sir:** I can well understand the record industry's concern that Philips' new mass-market CD recorder may promote CD piracy (report, 26 June). The price of an album has more than doubled in the last 10 years, well above the rate of inflation.

The chance of dying in Russian roulette is easily estimated at around one in six. The equivalent figure for taking an Ecstasy tablet is harder to obtain, but using reasonable estimates for the number of tablets consumed each year in the UK (say, 25 million) and the number of deaths each year (about six) an estimate of one in 4 million cannot be too far from the truth. Most of us regularly engage in leisure activities far more risky than this.

JONATHAN JONES  
Oxford

Broadcasting is one of our major industrial sectors and is one area at least where we "lead the world".

Indeed a major concern is that our universities and colleges will not be able to provide sufficient qualified

play back.

Sir: The answer to Stephen Harvey's irritation with music on the phone (letter, 30 June) is to wait to be connected and then to send back music, or noise, of his own choice.

JOHN RATCLIFFE  
Monks Eleigh, Suffolk

### Churches in a secular society

**Sir:** Paul Handley is right to take issue with Fr Harper over the benefits of church-swapping (*Faith & Reason*, 28 June), but for more important reasons than those he states. What denominational vacillation obscures is the overall decline of religion in modern industrialised societies, which is now reaching critical proportions and seems irreversible.

This process of secularisation has been accelerating for the last 200 years, but more noticeably over recent decades. Various defensive strategies like ecumenical huddling have proved ineffective and the glowing proliferation of sects and cults does not alter the overall picture of numerical decline. There now seems little doubt that the situation which we now have to face is of survival in a post-religious society.

It is difficult for religiously inclined people to acknowledge this reality and its acceptance can be deflected by a variety of events, for example by the influx of immigrant groups for whom religion has always been an important attribute of ethnicity. Interestingly, the mantle of religious zealotry which was once borne by Catholic migrants is now being taken up by Muslims: but the pattern is always the same – after three generations it has become so threadbare as to be cast aside by all but a minority of increasingly eccentric or apocalyptic groups, fighting futile rearguard actions, as in the London *ewr*.

Rather than expend vast amounts of energy on swimming against the tide it would be more beneficial to chart new spiritual seas, like the prophets of Israel, which will enable us to address the needs of a new kind of pluralist society. What is needed is a commitment to ethical rationalism which recognises common need and civic justice leading to a transcendent humanism. The alternative of swapping denominations, like changing cabins on the *Titanic*, won't address the underlying issues, however good it makes you feel.

FR DOMINIC KIRKHAM  
Manchester

### Dangerous game

**Sir:** I was bemused by George Howarth's statement (*Letters*, 28 June) that "taking an Ecstasy tablet is like playing Russian roulette". Little could be farther from the truth.

The chance of dying in Russian roulette is easily estimated at around one in six. The equivalent figure for taking an Ecstasy tablet is harder to obtain, but using reasonable

estimates for the number of tablets consumed each year in the UK (say, 25 million) and the number of deaths each year (about six) an estimate of one in 4 million cannot be too far from the truth. Most of us regularly engage in leisure activities far more risky than this.

TOM HEIGHTMAN  
Salisbury

### Forgotten corner

**Sir:** "Nemesis of the golden boy who cut too many corners" (21 June). Can anyone enlighten me as to the origin of the phrase "to cut corners"? Does it relate to tennis, or "square-bashing"? My search in dictionaries and Brewer's *Phrase and Fable* throws no light.

ANN HALES  
Cambridge

الآن من الأصل

## analysis

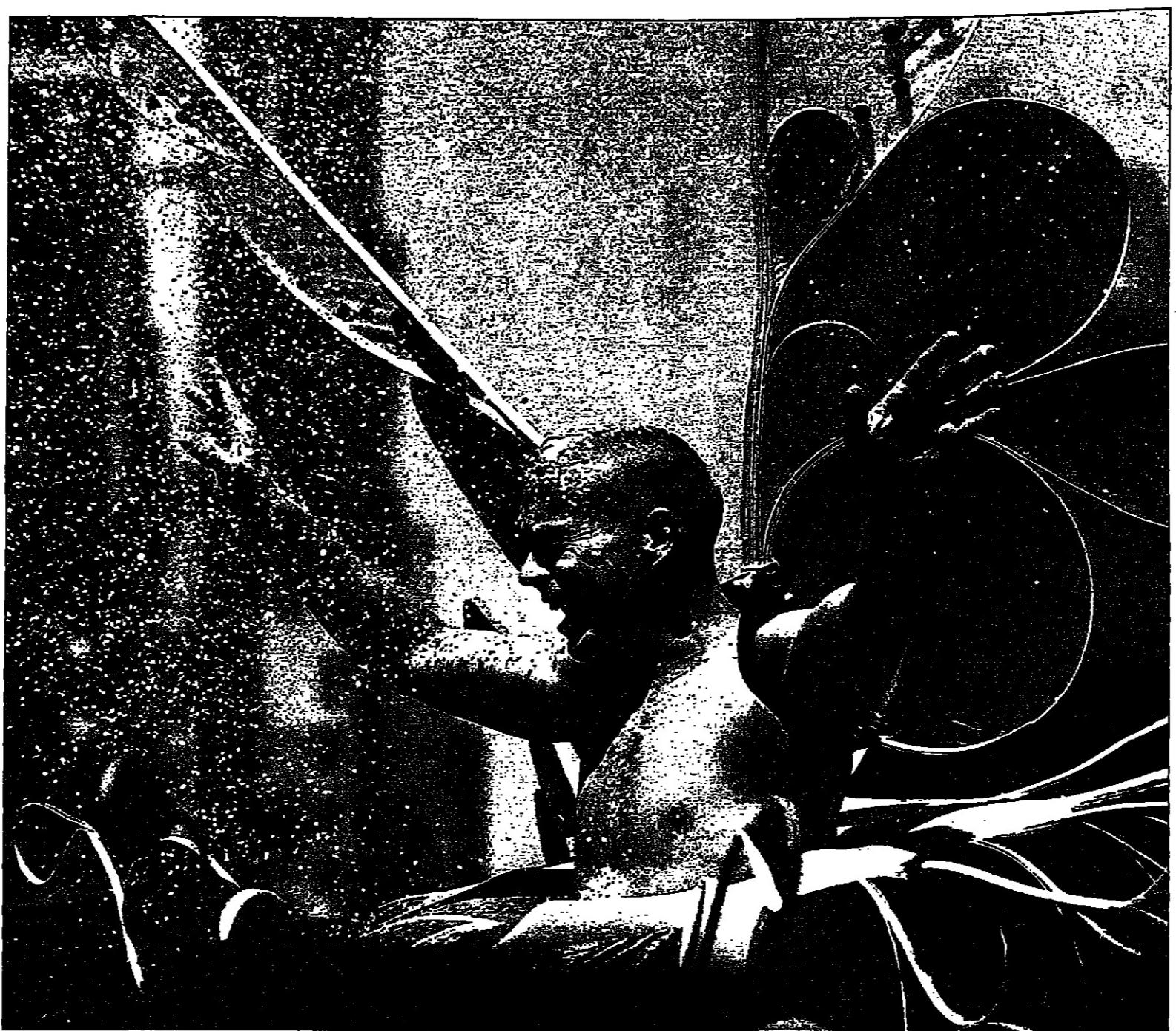
Thirty years ago, homosexuality could put you in jail. Rupert Cornwell looks at the taboos of the times and the courage of the campaigners who changed the law

**T**he grainy pictures may be enactments, but their power to shame is no less for that. Seedy public lavatories, the swift eye contact and even swifter understanding, the hurried encounter in the cubicle, interrupted by policemen in pairs hunting their quarry as terrifying as Nazi storm-troopers in a wartime ghetto. Was this really the Britain of little more than 30 years ago, when London swung, everyone was having a good time, and a bobby's proper task was to keep the Beatles from being torn apart by their fans?

Sadly, and today scarcely needfully, for one British minority it was. Until the House of Commons finally passed the 1967 Sexual Offences Act, 30 years ago this week, legalising consensual sex in private for men over 21, homosexuality was a crime, and its practitioners were persecuted with the righteous ferocity of the mediaeval church rooting out heretics. By the mid-Fifties, 1,000 men annually were being jailed, in one Birmingham case 28 of them for 18 months apiece, all on the strength of the entries in one man's diary. Some country. Some ghetto. To end this it took two brave parliamentarians, Leo Abse in the Commons and Lord Arran in the upper House, and – to borrow the title of a fascinating Channel 4 documentary to be broadcast this Thursday – the passage of a Bill called William.

Arran was a certified eccentric who claimed just two interests in life: "to stop people buggering badgers, and to stop people badgering buggers". No gay himself, he was in truth considerably fonder of badgers than of buggers, and to spare himself discomfort referred to his charge as "William". Abse, the Bill's sponsor in the Commons, was famous for his flamboyant suits. More pertinently, he was a legislator of rare conscience, tenacity and skill. For both, the task was the same, to persuade their colleagues to think about the unthinkable, and speak about the unspeakable. The consequence was arguably the most surreal debate ever conducted by the mother of Parliaments.

"They managed to talk as if they'd never met anyone like that," Maudie Littlehampton famously observed in an Osbert Lancaster cartoon – a line surely provoked by the spectacle of Viscount Montgomery asserting that, of the millions of men under his command in the War, not one would ever have "got up



Changing times: from the hidden homosexuality of old to the openness of last weekend's New York Gay Pride parade AP/Food Pitt

# A Bill that dared not speak its name

to that sort of thing". In the Commons, right-wing Tory MPs assailed a "buggers' charter" designed to protect "pimps, pantries and queers".

But for gay MPs in particular, William was an excruciating ordeal. There were a few exceptions, such as the brilliant and reckless Tom Driberg. Abse remembers the "great courage" of his colleague. "While all this was going on, he was a member of the NEC and at one point national chairman of the Labour Party. But he kept coming to me asking if he could help, and each time spoke in favour of the Bill." But most were understandably less heroic. "Several homosexual MPs ostentatiously voted against me. They were bachelors, they were vulnerable, they were afraid – and you could see it in their eyes."

In this era of Gay Liberation, such backsliding would guarantee instant outing. Back then, however, William's success was anything but guaranteed; in the event it survived a third-reading filibuster attempt by a single vote after an all-night sitting. Had it failed, homosexuality would have remained a crime. Heterosexual supporters of the measure were taking a risk too – even Abse himself. In his Welsh mining constituency, where values were old-fashioned and religion ran deep, gay sex was anathema. "I think I was able to ride the storm because they were too ashamed to talk about it."

To keep his fragile craft afloat, Abse had to accept an amendment defining privacy as two adults and no more (thus averting a dreaded plague of "buggers' clubs"). Many of his arguments, he admits now, were "absolute crap", couched in such terms as saying "fairy males" from themselves. But at the third attempt, almost a decade after the 1957 Wolfenden report first urged that homosexuality be decriminalised, and most gays would prefer to stay in the closet. But no longer did prison automatically beckon, or the unanswerable gouging of a blackmail.

In his brief autobiography *Ruling Passions*, which is studded with cameos of his own hasty, illicit couplings, Driberg makes but one melancholy reference to the measure. "The passing of the sexual offences act, welcome though it was, really made no difference to the problems of the lonely and the promiscuous" (in other words, himself). For them, the best solution would be licensed male brothels "run by respectable persons, with charges strictly controlled ... such as I have occasionally patronised in New York and San Francisco". Or, he might have added, the underground urinal in central Moscow, whose merits Driberg once pointed out to the exiled Guy Burgess.

Indeed, one unarguable beneficiary of William has been the security of the realm. Given the climate of the time, smaller wonder so many British spies earlier this century were homosexual. John Vassall, of course, was a straightforward blackmail victim – but for others, such as Guy Burgess, Anthony Blunt and Donald Maclean, dissimulation and subterfuge were seamless. If one is forced by society into a secret sexual existence, then how much easier to embrace an equally secret political loyalty? The second oldest profession still flourishes, but rarely these days for reasons of sexual orientation.

For the rest, however, the legal follow-through has been meagre. In 1994 the age of consent for homosexuals was lowered from 21 to 18. But despite an ever noisier, more confident gay culture, the practising homosexual remains suspect. There may be gay MPs, gay ministers and mainstream gay chic, but according to the latest British Social Attitudes survey, almost two-thirds of the population believe homosexual sex

to be wrong, a proportion basically unchanged for 15 years.

Then there is Britain's quite peculiar attitude to sex, a strange, tabloid-driven cocktail of prurience and puritanism that leaves the rest of the world in incomprehension's mirth, as it lurches from puerile titillation to supercharged moral outrage at "sex monsters on the loose" – as often as not, homosexuals. Hence, according to Antony Grey, leader of the lobby for reform in the Fifties and Sixties and now elder statesman of Britain's gay community, a piecemeal, inconsistent approach by successive governments. "The public debate is more open, but there's an awful lot to be done. In many ways, the Sixties were a better time than today. The drug culture was in its infancy; the atmosphere was gentler and more idealistic."

But at least William still commands the support of the public, however unenthusiastic. A majority of the population would love to bring back capital punishment, and a substantial minority would outlaw abortion. But apart from pathological queer-bashers, no one seriously believes homosexuality between consenting adults should once again be deemed a crime. And the moment for another reformist push may be ripe.

Labour is back in power, its ranks filled with young and idealistic MPs, just as three decades ago. True, crusading independent backbenchers such as Leo Abse are a breed close to extinction, and the extent of Mr Blair's reformist zeal may be doubted – certainly, he will not

want to repeat Bill Clinton's 1993 fiasco over gays in the US military. Even so, a promised free vote should bring a majority in favour of lowering the homosexual age of consent to 16, aligning it with the law for heterosexuals. If parliamentary time is granted, repeal of "Section 28", the infamous 1988 provision barring local authorities from "promoting" homosexuality, looks another sure bet. "Anything we can get to a vote, we'll win," is the bubbling prediction of Angela Mason, director of the gay and lesbian pressure group Stonewall.

And should Westminster fail, there's always Strasbourg. Europeans and homophobes alike will shudder, but three separate cases currently before the European Court of Justice may prove decisive in the gay lobby's campaign to reduce the age of consent, protect against discrimination in the workplace, and end the ban on homosexuals in the armed forces.

Ultimately, however, not only laws but attitudes must change. "What we really need," says Grey, who led the Homosexual Law Reform Society, which pressed the 1967 Bill, "is proper education about sexual minorities, that homosexuals are not a threat. Being gay is still treated as freakish and exotic, often as an object of ridicule. Young people who discover they are gay still have a terrible fear of isolation and rejection by family and friends if they come out. It can still cost you your job. That's why I was disappointed William Hague said that if he were homosexual he wouldn't have stood for the Tory leadership. It was a pity he felt obliged to say that."

"The fact is, most gays are still in the closet. We're the only minority without visible natural leaders, without our visible equivalent of a grand rabbi. In the homosexual community the leaders are the strident ones, people with nothing to lose." Such views have earned him the scorn of modern-in-your-face activists as a trimmer, even an Uncle Tom. But Grey is unrepentant. "They don't understand what it was like in the Sixties. You couldn't have shouted and waved banners back then. It would have been utterly counter-productive."

Today of course, banners and publicity are the weapons of choice to complete William's unfinished business. Thirty years ago, Stonewall's members might have been "cottageing", slinking around public urinals in the hope of a furtive encounter. Last week they were in front of the TV cameras at a smart London restaurant to unveil an action programme called "Equality 2000", demanding equal treatment in the workplace and for tax, pension and immigration purposes, as well as an end to discriminatory application of the existing gross indecency law.

The word that truly defines this vision is "normality". After a life of almost 70 years, 37 of them spent with his current partner, Grey still yearns for it: "There should be no need for anyone to deny his sexuality, being gay should be no big talking-point, and no one's business." For Leo Abse, the quest was always easier. On the July dawn when the Bill was finally passed, "I went home, and my wife took me in her arms. And at that moment I realised that all of politics is insignificant, compared to deep personal relationships between human beings." What better definition of normality could there be? But, three decades after William, gays still cannot claim it as their own.

• *'A Bill Called William'* will be broadcast on Thursday on Channel 4, at 9pm.

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## Who's who in the quest for Ernest Drabble

**D**id I ever tell you the story of my father's collection of signed first editions?" said Lord Calway, as we sat yawning in the club one night.

We all sat back, as if encouraging him to tell it.

"It took him years and years to amass the collection, and yet there were only a dozen or so books in it."

"Not many for a collection," said Major Garforth.

"No, indeed," said Lord Calway. "That is because it took him most of that 30 years just to get one book signed. You see, he started off with an Aldous Huxley book signed by the author, and another by Compton Mackenzie, and another by Ernest Drabble..."

"Who on earth was Ernest Drabble?" said Major Garforth.

"Exactly what my father said," said Lord Calway. "He asked me and I didn't know, and he asked my mother and she said she didn't know, and he asked the gardener and he didn't know, and he asked the housekeeper..."

"Don't go round the whole

dratted staff," said old Hugh Ingott-Jones, or we'll be here all night."

"And the housekeeper said," went on Lord Calway, ignoring interruptions, as was his wont. "that it would save everyone a lot of time if he looked it up in Who's Who. My father saw the sense of this, and got down his copy of Who's Who 1954, which was the year this happened, and as he was browsing through it, suddenly occurred to him how nice it would be to have a signed copy of Who's Who."

"How could you have a signed copy of Who's Who?"

"I said, 'There must be dozens of authors. You could never track them all down.'

"Ah, that's just the point!" said Lord Calway. "You know exactly who the authors are because every entry in Who's Who is written by the subject himself or herself. So what my father set out to do was get every entry in that edition of Who's Who signed by the person involved. Now, he couldn't get people just to send him their signature, because the book itself had to be signed. He had to take the book physically to all the

foxhounds. Anyway, this alerted my father to the fact that he ought to collect the signatures of the old and infirm first in case they died off. So he worked down from the oldest, and by a stroke of luck found them all alive and kicking. Of course, a lot of the distinguished Johnnies in Who's Who are foreign – professors of dentistry in Sri Lanka, politicians in Paraguay, that sort of thing – so he took a year off travelling round the world, staying with all his ambassador friends. Some of the politicians had been put behind bars by the time he got there, and my father and his book became quite a familiar sight in the top prisons of the world."

"Anyway, to cut a long story short, he counted up his signatures one day and found he had got every one in the book, except one entry. And guess who that missing entry was?"

"We all gave up."

"Ernest Drabble! Ernest Drabble, the very author who had started the whole thing in the first place. Drabble's publishers said that it was a pseudonym for an author who wanted to keep his

identity secret, as he had penned rather a racy series of novels, so they couldn't possibly reveal who it was. My father was not to be thwarted and put a private detective on the hunt. It took the sleuth four months to discover who it was. And guess who it was?"

We hazarded guesses.

Dennis Wheatley? Barbara Cartland? James Hadley Chase? Winston Churchill?

"None of those! It was my mother! All those years Lady Calway had been writing near-the-knickle novels and he had never known! She owned up, but she refused to sign his Who's Who. She said that Ernest was a very private person who would never agree to such a thing. Heartbroken at being so close to a complete signed copy of Who's Who, my father went into a decline from which he never recovered."

Lord Calway slid into a peaceful slumber to signify that his tale was now over. A few days later I bumped into his younger brother, Sir Dudley Hardstaff, and asked him to verify the story, but he said that there was not a word of truth in it.



Miles Kingston

thousands of people mentioned. It was quite easy to begin with, because he knew a lot of them personally and was related to quite a lot of others, so pretty soon he had several hundred signatures.

"But he had a narrow escape with one of them, his uncle, Lord Pastrell, who was rather ill and could only just sign his name – indeed, Lord Pastrell died a year later in a hunting accident."

"Fell from his horse?"

"Inquired Garforth."

"What? Oh, no – he was savaged by a fox one day when they were short of

£100 in 150

# The end of Empire, the beginning of modern Britain

**I**t is famous for journalists and even historians to attempt a final audit on the British Empire. A profit and loss account on two centuries' worth of so many million lives, and wars, technological advances and political subjection is beyond mortal scope. Ten thousand wise historians, with a million researchers, in the world's biggest library and with the world's fastest computer, would not be enough.

What we know is that the British Empire has been one of the dominant forces of the modern world, changing more lives than fascism, Soviet Communism or the revival of Islam. Inventors from Lancashire and Scotland, and the thinking of Adam Smith, Wesley, and the aristocratic revolutionaries of 1688, have had a bigger influence on today's world than Marx.

One cannot begin to speculate about what sort of places India, Africa, Australia, North America or many other stretches of the world would be had there been no Imperial Britain. As for the "mother country", with its global language, its many races, its awkward Euro-scepticism and its sprawling, now-declining imperial cities, Britain itself seems still half-stunned by the experience of so quickly gaining and then losing the empire.

This has, in short, been one heck of a happening - what Ian Jack has described recently as, "a grand, endlessly interesting thing to have happened to a small and unlikely country".

And what about us, the children and grandchildren of the unlikely ones? Where are we left now? Is it a scattering of boarded-up Mafeking Streets and a useful base-camp for Microsoft, and that's it? Will the Scots and the English still rub along under one national flag?

The answers are no, and yes, respectively, though some think, and have always thought, that the end of Empire means the end of Great Britain - that the two were the same. The archetypal Imperialist politician, Joseph Chamberlain, spoke for millions when he said, early on in the century, that the identity of England (*sic!*) had become identical to that of the Empire - "England without an empire! Can you conceive it? England in that case would not be the England we love... It would no longer be a power, if not supreme, at all events of the greatest influence, generally well-exercised, on the civilisation and the peace of the world. It would be a fifth-rate nation..."

We have been getting used to losing role and slipping down the ratings for half a century. Though we have not broken up, loss and nostalgia have become central to state-of-the-union Britain. It was entirely natural, of course, that they dominated yesterday's emotion-sodden farewell to Hong Kong. But loss and nostalgia can be found in endless ways, large and small, in the Beaten Retreats, faroos, commemorative services, honours lists, Queen's broadcasts and so on that surround national politics.

I was of the last generation to learn Imperial history of the old school - Clive, Nelson, Churchill - and grew up with a hazy false memory, learned from family photos, of Another Britain, a last place of pith helmets, firm jawlines, crisp uniforms. And there it was again on that Hong Kong paradise ground, the Britain whose most characteristic tune isn't "Rule Britannia" but a trembling Last Post.

Enough! We have, as a country, come close to drowning ourselves in all that. It was right that Tony Blair went to Hong Kong (looking grim and uneasy: he hasn't yet got



Andrew Marr

**T**he symbols of our departure from Hong Kong include the backward looking Imperial insignia, kilts and Gurkhas

Chinese capital, is applauding the return of a part of China. But Peking, as a citadel of anti-democratic and illiberal politics, is applauding a future which will quite soon destroy it.

So we need less Imperial nostalgia and a little more optimism back home. Let us have more, please, of the inclusive, liberal group of islands that we have it in us to become, and which it is Blair's job to help shape through the millennium. More, please, of a modern, reformed democracy, with a Bill of Rights and an adult relationship to its European partners. More of the unapologetically ethical and moderately "green" voice of Robin Cook's Foreign Office. More, in short, of a plausible national future, which means liberalism, democracy and multi-cultural openness. We have to remember that the Empire was finally smashed not by the Hong Kong treaty, but in the global war against fascism half a century before. And though that was a great cause to die for (has any empire been destroyed as usefully?), we still haven't fully caught up with the victory we helped to achieve.

Because of the Empire, the UK is now an ethnically diverse union of countries with a global language - more like a small America, in some ways, than France. Yet because of the Empire, we are also still a hierarchical, cod-medieval country with a terrible capacity for lacrymose nostalgia. Now we must choose.

Of course, with others, we should do our duty in helping to keep an eye on Hong Kong. But in a broader sense, we must stop looking back, either guilty or sentimentally. A great break of this kind has happened before, at least to England. For decades, late-medieval London was in trauma at the loss of France - remember Calais, engraved on Mary Tudor's heart? But what followed was a great outpouring of national energy, a liberation, and the shift to early-modern Britain. Perhaps Hong Kong is the Calais of our times.

It is time to move on. Let this be the last Last Post.

the trick of looking solemn but self-assured).

But seeing him as the bands marched past was depressing too. For 50 years political leaders have been trying to reshape a national purpose, and for 50 years they have been failing. Much of the rest of the country has got on with it, in culture and business, but politics has lagged far behind, so that Britain today seems a disjointed place, polarised between Post-Modernism and post-imperialism, with too little in between.

So enough Last Posts and folded Union Flags. Enough "Britannia" and enough weary self-deprecation from the Prince of Wales. We should not leave Hong Kong with too much regret. The critics of Chris Patten's Hong Kong policy are mostly fatuous. We had to give the colony up. However belatedly, it was also right to assert the kind of politics we believe works best everywhere.

That is not a hopeless cause.

The symbols of our departure include the backward-looking Imperial insignia, kilts and Gurkhas. The incoming People's Liberation Army may seem, by contrast, the wave of the future, representatives of a growing superpower. But things are not so simple. It is the domestic values of the departing ex-colonial power - liberalism, free speech, the rule of law - which are in the global ascendant, and the authoritarian, pitiless post-Marxism of the ageing Peking elite which is in retreat.

Whatever happens in the next few months and years, Hong Kong will bury them, not the other way about. Peking, as the

Chinese capital, is applauding the return of a part of China. But Peking, as a citadel of anti-democratic and illiberal politics, is applauding a future which will quite soon destroy it.

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are at last entering into all areas: news, finance, law, even war. And not before time. So the bigger question is whether women's fluency in the first person is something that they should, on principle be celebrating. It can easily sound, if you see such writing merely as kind of egocentric waffling, like a slur. On most newspapers, what I did at the weekend and lifestyle columns are quite soft and junior slots, at best light relief; one of the reason women do so much of it is that those are the assignments they are handed; another is that they are relatively cheap way to fill the expanding sections.

So women get to write largely about the queue at Tesco while their tough male colleagues are flown on hazardous assignments overseas, where they hang around in the drizzle for hours waiting for a press officer to read a prepared statement - a man's job if ever there was one. One might have expected from Women in Journalism a strongish tendency to resent rather than celebrate the pigeon-holing tendency to deploy women chiefly at home - n'hearth areas of the newspaper. Possibly the saddest assumption the survey fails to question is that people wish to read only what relates to their

own lives. That is a marketing idea opposed to the old thought that readers - men and women alike - might be interested to read about something beyond themselves and new.

On the other hand, it certainly does seem to be the case that women are on better terms with the first-person pronoun than men. All of our newspapers give plenty of space to women to write ("please be as personal as you like") about their boyfriends, their babies, their jobs, their diets, their illnesses, their pleasures and their sorrows. As with any genre, it produces works that are both brilliant and, um, less than brilliant. Some writers manage to make personal life - so long ignored by newspapers - seem properly intriguing and profound. Others inevitably fail. Both, though, are participating in an emphatic change in the whole enterprise of newspaper publishing: surrounded by quicker,



Robert Winder

shinier news machines, modern papers aspire to being daily magazines. They are no longer merely sturdy providers of facts on maritime flows and public announcements; they are something diverting to read on the train.

There are other reasons why women writers might take to the first person more easily than their bashful male colleagues. This one, for one, automatically flinches away from it, for many men "I" is above all an ironic word. Perhaps that is

because a generation of women has come of age that believes the personal to be political - politics isn't just what President Clinton told Tony Blair last night: it's what the dentist said in the waiting room last week, or what the twins got up to on the Underground. Women are perhaps quicker to see what happens to them as emblematic of a bigger social picture. And the whole unbelieveable-but-true gram-

mar of many women's magazines has tutored a large number of writers in the ways of self-examination - however inventive.

It remains hard, though, to see the first person as a distinctly feminine voice. There is a larger trend towards the first person in both women and men, based on the popular perception that our own is the only voice we can really trust. Ours are pretty sure that the meaning of life lies, if anywhere, within: we are what we feel, not what we know or can find out. And the first person is in any case a very natural form: it is the voice of everyday life, the one we use in conversation and letters, in interviews and on the phone.

It is a commonplace among publishers these days that memoirs are just as saleable (if not more so) than fiction: they are direct, personal and seem candid compared to the tricky evasions of most novelists. It is easy enough to carp at this, as if it were driven by something like a cult of authenticity, and it is indeed true that in borrowing so many of the blurry devices of fiction, the memoir risks becoming just as impressionistic and unbelievable as any novel. But the first person

remains a gripping mode of address. Ironically, it is one that the narrators of novels have borrowed for centuries.

Actually, of course, the movement towards the first person has a long history: it is at least 200 years old. The first great autobiographer, Rousseau, insisted in the opening sentence of his amazing *Confessions* that his task - self-revelation - had no precedent and would have no imitator. He was certainly wrong on the latter point. Within a few years, Wordsworth was tracing the formation of a poetic sensibility through childhood recollections, and the entire Romantic movement went on to trumpet the virtues of self-inquiry. In our century, a memoir is one of the most endearing aspects of any worthwhile literary career: Joyce, Proust, Nabokov, Virginia Woolf, Mary McCarthy, Doris Lessing ... the list is a long one.

The modern twist is that you no longer need to be famous or even old to write about yourself. One might have thought that satire such as this newspaper's own Bridget Jones might be letting some of the air out of the tyres of self-worship. But maybe not. The proper study of mankind, as the old saying goes, is they

# A raw look at our cultural landscape



Julian Cooper (left) and Terry Gifford with 'Paris, Texas', in which TV culture meets the Lake District

Photograph: Will Walker/North News

**J**ulian Cooper's powerful paintings subvert the traditions of his celebrated family and challenge the way we look at nature, says Stephen Goodwin

We are saving off the branch we are sitting on," he says.

Cooper recoils from the notion of himself as an environmental evangelist. However, the label could be applied, with protest, to his friend and collaborator, Terry Gifford, a poet and senior lecturer in English at Bretton Hall College, Leeds University. Gifford believes that, though we are an urbanised society, we still crave contact with nature to "touch base and get a fix on the seasons".

Cooper's technique, developed on mountain painting trips to Peru and the Scottish Highlands, is to climb to his planned belvedere at 3,500 metres. At the top he worked on smaller oils, until the fumes from the turps almost choked him in his unventilated alpine quarters.

Cooper's technique, developed on mountain painting trips to Peru and the Scottish Highlands, is to climb to his studio in a ski-bag. For an easel, he anchors a frame made of tent poles to boulders or snow "boulders". A canvas is bulldog-clipped to the frame and he begins to paint with yard-long brushes, returning day after day to work on the picture, trying to translate the anima within the rock and ice through his muscular strokes.

The results can be a bit fraught. Not only has the weather ruined his efforts - a 6ft by 5ft canvas of Beinn Lair was physically washed away - but, unlike the poet, he is not a regular climber. "I experience real fear, particularly beforehand," he says. The rational part of him says it is "mad" to carry on in his fifties, but of course he will. As the painter and poet if they come back with any message from these "shamanic" journeys to the mountains and the soft-hued landscapes. An abstractor at Goldsmith's College, London, before moving on to large-scale figure painting, the young Cooper also dropped "Heaton" from his professional name. He is, however, a director of the family paintings and prints studio in Grasmere.

Each Whitsun, Cooper and Gifford head for the Scottish Highlands together, camp for a few days in a corrie, climb a route of not too strenuous grade, and practise their respective crafts. The poet has the easier task and often finds himself writing about his companion - "the artist's fingers feeling his way up the Earth's hard core" - exploring the form of the rock he will try to paint. Last month their route was Hanging Dyke, on the south side of Ben Macdui in the Cairngorms. Away from the popular trails, they were the only people in its vicinity. Without going solo, ropeless and tentless it is about as raw a contact with nature as Britain offers.

For Cooper, the excursions

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As the painter and poet if they come back with any message from these "shamanic" journeys to the mountains and the soft-hued landscapes. An abstractor at Goldsmith's College, London, before moving on to large-scale figure painting, the young Cooper also dropped "Heaton" from his professional name. He is, however, a director of the family paintings and prints studio in Grasmere.

Each Whitsun, Cooper and Gifford head for the Scottish Highlands together, camp for a few days in a corrie, climb a route of not too strenuous grade, and practise their respective crafts. The poet has the easier task and often finds himself writing about his companion - "the artist's fingers feeling his way up the Earth's hard core" - exploring the form of the rock he will try to paint. Last month their route was Hanging Dyke, on the south side of Ben Macdui in the Cairngorms. Away from the popular trails, they were the only people in its vicinity. Without going solo, ropeless and tentless it is about as raw a contact with nature as Britain offers.

Gifford's crusade as an academic is to rescue nature poetry from the sentimentality and

escapism of the "Georgian poets" of the early 20th century - those who, like WH Davies, urged us to find "time to stand and stare" at squirrels hiding their nuts. Man was simply an idle observer of nature, not a part of it. The parallel between WH Davies's pastoralism and the comfortable landscapes of WH Cooper at his most banal is hard to miss.

Travelling home across France yesterday, Julian Cooper was able to reflect usefully on the powerful natural forces which late 20th century society knows mainly through a TV screen. Two weeks and 2,000 miles of driving wasted and artistic endeavour frustrated. He and Gifford will continue in their gentle way to open minds, but perhaps there is no substitute for raw experience.

Gifford tells a story about a group from a Liverpool comprehensive on a course in the Yorkshire Dales. On the first night, Gifford took the sixth-formers for a walk and got them to gaze at the stars. After two minutes of lying on their backs in snow, staring upwards, one demanded: "But why haven't we got stars like this in Liverpool?"

Terry Gifford is co-author of *'The Blue Bang Theory: New Nature Poetry'* (Redbeck Press, £6.95).

# The first-person singular woman

**T**he study of newspaper readership published yesterday by Women in Journalism certainly produced a few whopping non-surprises. The idea that men are avid for news about sports and cars, while women go more for fashion and health, will hardly make anyone gulp. Nor (alas) will the suggestion that women offer a warmer and more "humanising" view of the world than the icy, neutral, inhuman gaze that characterises male journalism - that is more than a well-worn gender-war stereotype.

But if the survey only confirmed that these cheerless marketing caricatures (girls like human-interest weepies; boys like engines and stock market data) still dominate many people's thinking, it also threw up one intriguing suggestion. Women's key contribution to the language of the contemporary newspaper, it found, lay in the use of the first person. Instead of the frosty post of objectivity - a patriarchal gimmick, at best - women were creating a space for the subjective voice, for that single, once-redundant letter: I.

In one sense, it seems insulting to cite the 1-word as women's biggest gift to modern journalism: the truth is, they

are at last entering into all areas: news, finance, law, even war. And not before time. So the bigger question is whether women's fluency in the first person is something that they should, on principle be celebrating. It can easily sound, if you see such writing merely as kind of egocentric waffling, like a slur.

On most newspapers, what I did at the weekend and lifestyle columns are quite soft and junior slots, at best light relief; one of the reason women do so much of it is that those are the assignments they are handed; another is that they are relatively cheap way to fill the expanding sections.

So women get to write largely about the queue at Tesco while their tough male colleagues are flown on hazardous assignments overseas, where they hang around in the drizzle for hours waiting for a press officer to read a prepared statement - a man's job if ever there was one. One might have expected from Women in Journalism a strongish tendency to resent rather than celebrate the pigeon-holing tendency to deploy women chiefly at home - n'hearth areas of the newspaper. Possibly the saddest assumption the survey fails to question is that people wish to read only what relates to their

own lives. That is a marketing idea opposed to the old thought that readers - men and women alike - might be interested to read about something beyond themselves and new.

On the other hand, it certainly does seem to be the case that women are on better terms with the first-person pronoun than men. All of our newspapers give plenty of space to women to write ("please be as personal as you like") about their boyfriends, their babies, their jobs, their diets, their illnesses, their pleasures and their sorrows. As with any genre, it produces works that are both brilliant and, um, less than brilliant. Some writers manage to make personal life - so long ignored by newspapers - seem properly intriguing and profound. Others inevitably fail. Both, though, are participating in an emphatic change in the whole enterprise of newspaper publishing: surrounded by quicker,

shinier news machines, modern papers aspire to being daily magazines. They are no longer merely sturdy providers of facts on maritime flows and public announcements; they are something diverting to read on the train.

There are other reasons why women writers might take to the first person more easily than their bashful male colleagues. This one, for one, automatically flinches away from it, for many men "I" is above all an ironic word. Perhaps that is

because a generation of women has come of age that believes the personal to be political - politics isn't just what President Clinton told Tony Blair last night: it's what the dentist said in the waiting room last week



# business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

## £1.1bn jump in consumer borrowing fuels boom fears

Diane Coyle  
Economics Editor

The need to put the brakes on consumer spending was highlighted by figures yesterday showing a £1.1bn jump in consumer borrowing in May, close to the all-time record set in February. Its annual growth rate has picked up to 17 per cent.

Separate figures showed a 1 per cent increase in M0, the narrow measure of the money supply, in June, taking its annual growth up to 6.3 per cent.

The rise in consumer borrowing comes as several leading economists claim that the Chancellor of the Exchequer can halt the consumer boom by abolishing mortgage interest tax relief (Miras) in tomorrow's Budget. The economists from the National Institute of Economic and Social Research and from consultancy London Economics said the abolition of Miras would reduce consumer spending sharply. However, they warned the revenue gain would be much lower than the direct cost of the relief, of just under £3bn a year, because of reduced spending.

The expectation is that whatever Gordon Brown decides, interest rates will need to be increased. This expectation helped the pound stay at a five-year high yesterday, with the trade weighted index rising from 101.8 to 102.1 and the pound finishing the day at just over DM2.90.

The main component of M0, cash in circulation, expanded by 0.8 per cent during June. This was the biggest monthly rise for a year, when football fans visiting for the Euro 96 competition boosted the demand for cash.

Although high street spending does not follow the path of cash exactly from month to month, the surge pointed to a further increase in retail sales.

There was wide agreement among economists that these latest figures were alarming. "This adds to fears that consumer demand growth is accelerating as a result of the building societies' and insurance companies' windfall payouts," said Simon Briscoe at Nikko Europe.

Yesterday's figures follow a rash of news indicating that the economy is well on its way to a boom. Most striking were last week's big upward revisions to earlier figures for gross domestic product suggesting that there is less spare capacity in the economy than previously estimated.

Sean Shepley, an economist at investment bank Crédit Suisse First Boston, said: "These figures are in line with all the other indications about growth. The pound might make it harder for the Bank to raise rates aggressively during the next six months, but they will have to climb."

Marian Bell at the Royal Bank of Scotland said: "It would be sensible to hold off in July to see whether the latest month's figures are a one-off or the start of a more lasting trend." But she predicted that base rates would be above 7 per cent by next spring.

Separately, an increase in stamp duty, now widely expected as part of the Budget package tomorrow, could trigger a big fall in house prices, according to research conducted for a hastily

assembled housing and construction industry lobby group.

The group, Stamp Duty Concern, predicts that house price could fall by up to 5 per cent if every percentage point increase in stamp duty. Although the estimate does not take account of any potential increase in the threshold for the duty, the authors say raising stamp duty would affect the housing market substantially without raising much extra revenue for the Treasury.

## Littlewoods abandons high street store sell-off

Nigel Cope  
City Correspondent

Littlewoods yesterday abandoned plans to sell its high street stores business after failing to find a buyer at an acceptable price. Talks with Kingfisher, the Comet & B&Q retailer, broke down last week after Kingfisher objected to the £50m asking price. Kingfisher had wanted to convert most of the 135 stores into branches of Woolworths.

The collapse of the sale plan has forced a strategic rethink by James Ross, the acting chief executive. Though he attempted to put a positive gloss on events yesterday, retail analysts said the failure to sell the high street

developed and I firmly believe this will transform the business."

Under that strategy Littlewoods will raise cash by selling up to 35 of its high street sites to leave the chain with 100 stores. Potential buyers could include Kingfisher, Boots and Tesco which had already agreed with Kingfisher to buy around 20 of the Littlewoods stores to convert into its Metro format.

The remaining 100 Littlewoods outlets will trade under a new format concentrating more on ladieswear targeted at women over 45.

The Berkertex brand will be developed and a trial of 10-12 stores trading under that name will start early next year. A Berkertex catalogue will be developed alongside the high street chain. The division will be "streamlined" in a move expected to include job losses. The chain stores division employs 6,500 full-time equivalents.

Mr Ross said that a de-merger of the retail businesses was possible. This would give the Moore family shareholders which control the group, one share in the home shopping business and another in the high street operation. Mr Ross said a flotation was still not on the agenda though this might be possible in three to five years.

The company also bolstered its management team yesterday when it named Barry Gibson as its new chief executive. Mr Gibson, 45, was previously retail director of BAA, the airports authority which runs UK airports such as Heathrow, Gatwick and Glasgow. Mr Gibson worked at Littlewoods for 10 years in the 1970s. Mr Ross will move from acting chief executive to non-executive chairman.

Littlewoods first announced in March that it was considering the possibility of selling its high street stores, but its initial price tag of £600m proved unrealistic. Kingfisher proved the most interested but it is thought that it was deterred by the length of time it would have had to run the division as a going concern.

The document revealed that the normal one-year notice period for executives leaving the group would be extended to two years in the event of a takeover, giving Mr Bonham twice his £450,000 salary as a pay-off.

He will also be entitled to receive a long-term share bonus in cash, worth £43,566, whether or not he stays with the combined group. In addition Mr Bonham will make another £147,853 from Energy Group's controversial Special Addition Bonus Scheme, created at the flotation because of the three-year delay in payouts under the long-term plan. Mr Bonham also owns shares in Energy Group worth £627,000 at Pacific Corp's £690 bid price.

Mr Devaney, 50, will see his £350,000 double to £700,000 if he leaves the company, but will make £459,995 from the £1.5m bonus scheme whatever happens. He owns shares worth £34,500 in Energy Group at the offer price. As chief executive of Eastern he received a package worth £1.3m before tax after the 1995 takeover by Hanson.

The offer document said both executives had been invited onto PacificCorp's board if the deal went through, although detailed terms had not been discussed and both Mr Bonham and Mr Devaney have not yet decided to do so. Mr Devaney has indicated he may leave the company and seek another job outside the utility sector.

Another director to share in the windfalls is Eric Anstee, Energy Group's finance director, who could walk away with a pay-off worth £500,000.

The annual report also reveals that Mr Howell, former commercial director, has received a pay-off of more than £292,000. He resigned from Railtrack in March after just one year with the company. Mr Howell had been charged with developing Railtrack's relationships with the train operating companies and freight groups. But it is understood his management style did not suit Railtrack. Mr Howell was on a two-year rolling contract. He earned £203,000 in the year to March.

Railtrack's highest-paid director was John Edmonds, chief executive, who received a basic salary of £168,000 as part of a total pay package of £249,000. Mr Edmonds is due to step down as chief executive within the next few months, making way, it is understood, for Grand Metropolitan's former finance director, Gerald Corbett.

## Energy Group bosses could leave with £1m

Chris Godsmark  
Business Correspondent

Two senior executives of Energy Group will walk away with cash bonuses and compensation packages worth more than £1m each if they decide not to stay with the company after the proposed £3.7bn takeover by PacificCorp.

The formal offer document to Energy Group shareholders yesterday showed Derek Bonham, executive chairman since 1993, and Jerome Devaney, chief executive of Eastern, the regional power company, would leave the group worth £1.599,995 between them.

For executives leaving the group, the package will be extended to two years in the event of a takeover, giving Mr Bonham twice his £450,000 salary as a pay-off. He will also be entitled to receive a long-term share bonus in cash, worth £43,566, whether or not he stays with the combined group. In addition Mr Bonham will make another £147,853 from Energy Group's controversial Special Addition Bonus Scheme, created at the flotation because of the three-year delay in payouts under the long-term plan. Mr Bonham also owns shares in Energy Group worth £627,000 at Pacific Corp's £690 bid price.

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## Penguin claims former US manager embezzled \$1.4m

David Usborne  
New York

Four months after the discovery of an unauthorised discounts scheme that forced Penguin USA, a subsidiary of Pearson, to write off \$165m (£100m), the publisher is claiming a former executive was involved in an elaborate embezzlement scam.

In a lawsuit filed in a New Jersey court, Penguin has alleged that its former accounts manager, Christina Galantro, skinned \$1.4m to fund an

lifestyle of luxury winter cruises and DIY shopping sprees.

"We have compiled a compelling body of evidence that there was a deliberate conspiracy," said Michael Lyon, the chief executive of Penguin. "Our investigation date indicates that Mrs Galantro acted without the knowledge, direction or authorisation of her superior."

As it is painted in the suit, the conspiracy was allegedly led to the much larger scheme whereby Mrs Galantro gave secret discounts to favoured booksellers. It was those discounts, which were not entered into the books, that created the \$165m black hole on the company accounts.

By accessing records of her corporate American Express card, Penguin said it had traced some 900 transactions that it believed were funded by Mrs Galantro's ill-gotten wealth. The company claims that Mrs Galantro treated herself to items ranging from a \$100 honey-baked ham to a \$12,000 cruise voyage. She allegedly spent thousands on Louis Vuitton leather goods, on diamonds and on shopping expeditions to Home Depot and Builders Square, two DIY superstores.

Also named in the lawsuit are Mrs Galantro's husband, Stanley, and Jerome Bedell, the head of a collection agency that served Penguin USA. While on one winter cruise, Ms Galantro allegedly went so far as to fax instructions to her co-conspirators to ensure the smooth-running of their scam. Mrs Galantro's lawyer, Chris Franzblau, suggested that Penguin is "looking for a scapegoat" to duck its responsibilities for the discounts debacle.

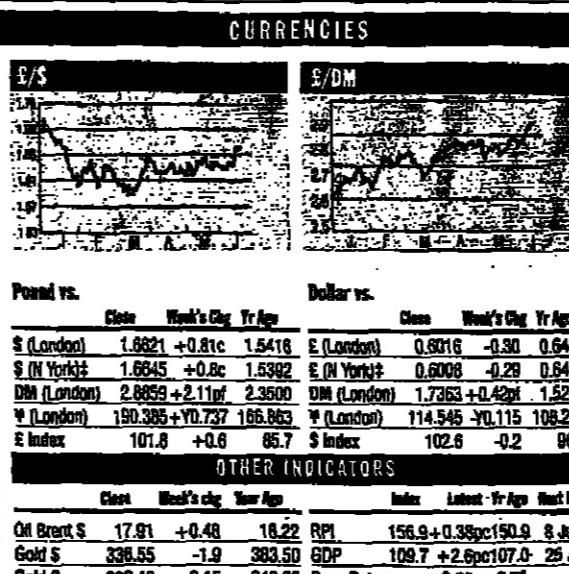
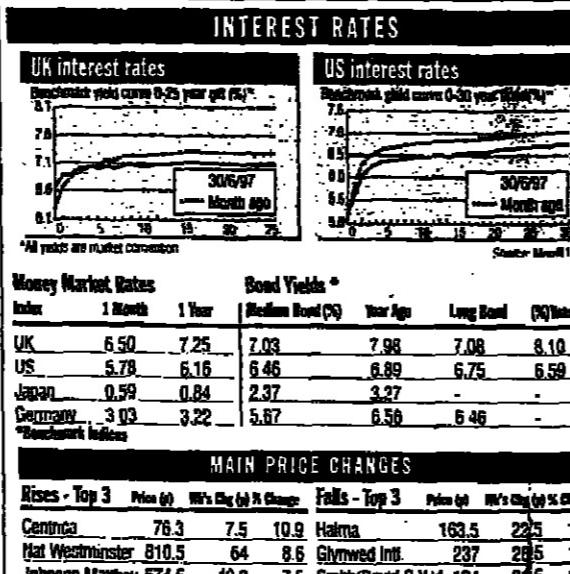
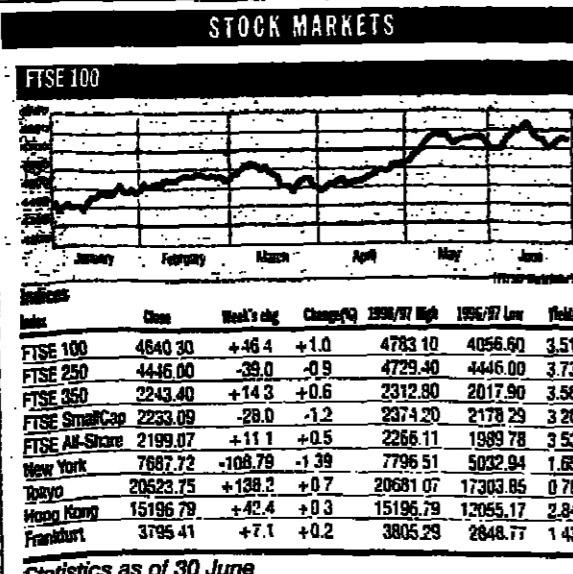
In 1995, Penguin was among publishers in the US that signed an agreement not to offer secret discounts to retailers. The deal was to protect small retailers from discount schemes aimed at the larger bookstore chains.

Penguin asserts that Mrs Galantro traded the discounts for early payments from book retailers and that those payments were used to disguise her embezzlements. According to the suit, most of the embezzled money came from cheques from retailers that should have been paid to Penguin but which were instead diverted to Mr Bedell at the collection agency.

The unauthorised discounts, the lawsuit asserts, "were used to hide Galantro's theft".

Mr Bedell, an employee at the Associated Companies collection agency, agreed at the weekend to assist in Penguin's suit and has said he will repay at least \$1m.

An investigation into what



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## S&N stays a step ahead of rivals

THE INVESTMENT COLUMN  
EDITED BY MAGNUS GRIMOND

**S**cottish & Newcastle has cause to be delighted by the Government's decision to block the takeover of Carlsberg-Tetley by Bass, its closest brewing rival. If it had been waved through Bass would have leapfrogged S&N to become the largest brewer in the UK with a market share approaching 40 per cent. More importantly it would have had a brewing stranglehold in certain parts of the country, notably in the Midlands, where it would have controlled almost three-quarters of beer supply.

Without the takeover, the ailing Carlsberg-Tetley is left to limp along on its own. It will probably have to close some of its breweries and certainly have to spend plenty of money to revitalise its brands. The Monopolies & Mergers Commission inquiry has in effect put the company in limbo for the past year and it will take time to put its house in order. Meanwhile, S&N should be able to capitalise on Carlsberg-Tetley's disarray and pick up extra business.

Fortunately, S&N forced through its own blockbuster merger before the arrival of the new Government and what looks like a crackdown on brewing consolidation. Its purchase of Courage in August 1995 has proved a good deal. Brewing profits rose from £121m to £177m last year. wisely, S&N has chosen to concentrate on profits rather than chase market share. This it has achieved by marketing hard its higher-margin premium brands such as Kronenbourg and Beck's, cutting expenses by £70m a year with the closure of two breweries and the axing of 1,800 staff and pushing through price increases.

S&N's managed pub business is also going great guns, with profits up 12 per cent to £149m in the year as it rapidly rolls out themed pubs such as Chef & Brewer, Rat & Parrot and John Barras. Drink and especially food sales from these new outlets are booming and it plans to spend another £150m this year, up from £116m last time, converting another 200 of its pubs to themed outlets. With all the big pub chains pouring money into their managed estates, there have been worries that returns will start to tail off. But the market still looks far from saturated.

The only real black spot is Center Parcs, its indoor holiday park chain, where profits fell 12 per cent to £72m. S&N was guilty of taking its eye off the ball in continental Europe, where poor economic conditions have damped demand and attendances have fallen sharply. The jury is still out on whether it can rectify the situation by introducing new facilities, but at least the UK business is showing a marked improvement.

Pre-tax profits, before restructuring

costs associated with Courage, rose 21 per cent to £374m for the year to April. Merrill Lynch forecasts current year profits of £423m, putting the shares, down 4.5% at 646.5p, on a prospective p/e ratio of 13. Good value.

### Taxing questions before Wednesday

**I**dentifying the UK company shares likely to be hit hardest by Gordon Brown's Budget on Wednesday has been taxing investors' minds for weeks now. The obvious targets of the windfall tax aside, one likely Budget proposal which could have a devastating effect is the widely expected cut, or abolition, of the tax credit on dividends.

Certain high-yielding stocks look vulnerable if Mr Brown cuts the tax credit attached to advance corporation tax, which is currently 20 per cent and could be chopped to 10 per cent. The behaviour of fund managers, many of whom have spent the past few years deserting high-yielding shares, is a guide. With tax credits worth less,

institutional pension funds, which can reclaim the tax credits on dividends, have less incentive to invest in high-yielding stocks simply for their dividend income.

This is less of an issue for companies with high-yielding shares which can afford to make up the difference by hiking their dividend payout. But weaker companies with weak internal cash generation – low dividend cover and high gearing are pretty good signals – are most vulnerable to being dumped by fund managers.

Good examples are food manufacturers – particularly Dalgety, Albert Fisher and Booker – which have sky-high yields, but are struggling to find growth in their main businesses. Also on the high-yielding, but weak profits growth, hit list are Thorn, Harrisons & Crosfield, Coats Viyella, P&O, De La Rue, English China Clays and Kwik Save.

Longer term, any cut or abolition in dividend tax credits would depress the value of company pension funds, which are rated by actuaries on the basis of their potential dividend streams. Companies which thought they had a handy pension surplus may have to start paying pension contributions – a real

cash outflow which would hit profits – and some might have to increase their contributions. Those most affected will be groups with big, rich pensions funds in relation to their profits or liabilities. Examples include JCI, British Steel, Imperial Tobacco and privatised groups such as BG, the old British Gas, and BT, which has already shelled out £1bn to top up its pension fund after last year's cut in the tax credit.

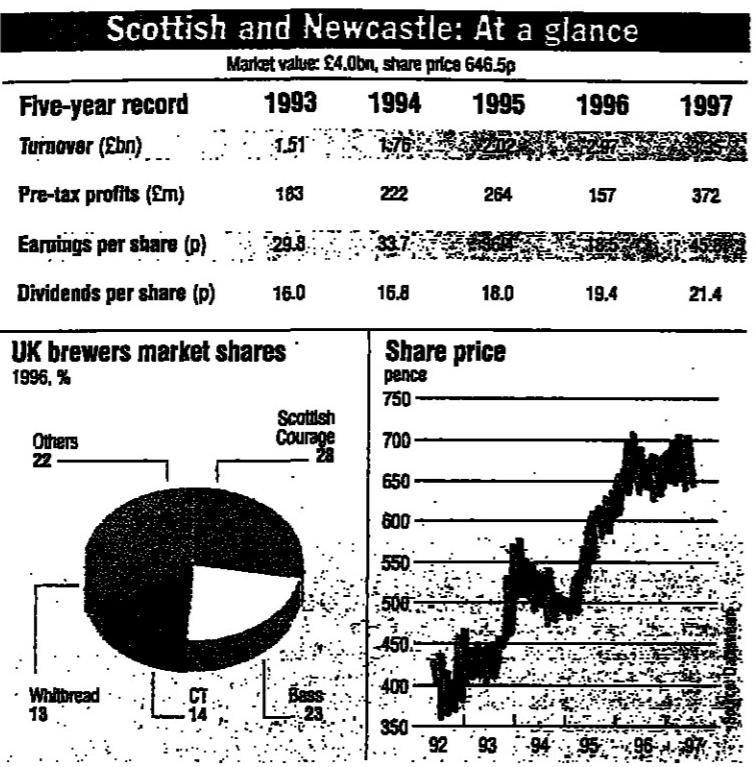
Greycoat centres on City property

**U**K Active Value, the "vulture fund" headed by Brian Myerson and Julian Treger, could yesterday lay claim to its second scalp in a matter of days. Last week it was Hogg Robinson and now Greycoat, the central London property group, has confirmed much-trailored plans to sell its flagship office development at Embankment Place in London's Charing Cross for £212m and buy back up to a quarter of its shares on a one-for-four basis at 171p a share. Both companies have received the attentions of UKAV, but neither is admitting the fund had any influence on their plans.

Certainly Greycoat was putting forward a good case for originality yesterday as it revealed that pre-tax profits of £1.3m replaced losses of £300,000 in the year to March. The group was saying, with some justification, that it had been apparent since at least 1993 that Embankment Place, representing half its £419m property holdings, made its portfolio top heavy. Yesterday's deal, understood to be with the Brunei Investment Authority and done at the equivalent of 17.5 per cent net yield, suggests it was worth waiting.

Gearing will now fall to 62 per cent, allowing plenty of headroom to finance the other £50m required for the redevelopment of the group's three big City development properties at Gresham Street, Bishopsgate and Great St Helens. Those should be ready in nice time for the peak of the current cycle, which Greycoat expects in 1999. By the same token, Moor House, the other potential £100m project in the City, will not be proceeded with unless a 50 per cent pre-let can be obtained.

Barclays de Zoete Wedd is forecasting a rise in net assets per share from the current 172p to 195p this year. So the shares, up 2p at 165.5p, look reasonable value as a punt on London property.



## Ronson to fight Hodgson compensation

Sameena Ahmad

Ronson is set to contest the payment of any compensation to Howard Hodgson, the multi-millionaire who was ousted as chief executive of the company last month, according to company insiders. Mr Hodgson, who was unavailable for comment yesterday, was on a two-year rolling contract that paid £150,000 per annum.

Separately, it is thought that

Mr Hodgson harbours aspirations to buy some parts of the lighter to leather goods group. Directors at the company, which has served up two profit warnings in the past four months, want to slim down operations to focus on its core-branded lighters and watches.

Ronson also sells sunglasses, pens, leather luggage and jewellery as well as operating home shopping, duty-free and packaging businesses.

While the group said no decisions had been made on the future shape of the company, Alan Kilkenny, a non-executive director, said the company had "tried to get into too many markets".

Commenting on the suggestion that there might be fat trim in the company, Mr Kilkenny said: "You can be assured that there will not be profligacy from now on."

He was speaking as the com-

pany reported pre-tax losses of £2.2m for the year to December compared to £4m of profits in 1995.

The losses, £200,000 higher than the group predicted when it posted a financial warning in June, were attributed to relocation and reorganisation expenses, costs from shipping products which were not in stock to meet orders, reduced margins and a £900,000 bad debt provision. Sales, which

fell 7 per cent, had been hit by a factory fire.

Laurie Todd, finance director, said he did not expect further provisions, but warned that first-half losses would be "significant" in order to invest in reviving the Ronson brand. A new information technology system was likely to cost around £1m.

Shawn Dowling, executive chairman, said there was "solid demand" for the group's products.

He was speaking as the com-

## Whelan sells £17m of shares to fund Wigan stadium

Nigel Cope  
City Correspondent

David Whelan, the former Blackburn Rovers footballer who is chairman of JJB Sports, has sold £17m of shares in the company to help fund a new stadium for Wigan Athletic football club.

Mr Whelan, who is chairman of Wigan, said he had sold the shares ahead of tomorrow's Budget to take advantage of legislation on capital gains tax.

He said he feared that Gordon Brown, the Chancellor of the Exchequer, would end capital gains roll-over relief which limits or defers the tax payable provided the proceeds are invested in another business.

"I think the Chancellor will end that, so by selling now I will not have to pay the 40 per cent tax," Mr Whelan said.

If there wasn't a Budget on Wednesday I wouldn't be selling."

Mr Whelan sold 3.5 million shares at 481p each. However, he and his family still control 55 per cent of the fast-growing company and Mr Whelan has

start in September and is scheduled to take 12 to 15 months.

Wigan were promoted to the second division of the football league last season and Mr Whelan said he was hoping for more success in the coming campaign.

"We are going to fight like hell for it," he said.

The share sale comes just two weeks after Mr Whelan gave his grandchildren £28m of shares for inheritance tax reasons. The gift made two-week-old Paul Sharpe one of the youngest millionaires in Britain.

Separately JJB Sports issued an upbeat trading statement showing that in the 22 weeks to 29 June like-for-like sales were 18 per cent ahead of the same period last year.

Total sales, including new openings and additional floorspace, were 60 per cent higher.

Though this is lower than the 71 per cent increase announced in April, the company said this was due to a relatively poor start to 1996 because of adverse weather conditions.

JJB shares were unchanged at 492.5p.

## Lonrho talks with JCI fail

Magnus Grimond

Lonrho yesterday confirmed the collapse of merger talks with JCI, the first black-controlled South African mining house, which would have created a \$3bn (£1.8bn) minerals group. Shares in the British-based hotels to cotton farming group fell 4p to 127.5p on the news.

No reason was given for the failure of the negotiations, first revealed last month, but reports from Johannesburg suggest that there were disagreements over ownership, management and financing.

Last week, Roland "Tiny" Rowland, the former chief executive and still a large shareholder in the group, hit out against the merger as part of a campaign to enlist investor support against the deal. He said yesterday he was pleased to hear that it had now been called off.

"If they had gone ahead with a merger with JCI, I would have sued some of the directors... It was a rotten deal for shareholders. Lonrho no longer has an effective board. They are receivers, there to sell off parts of the group."

Nick Morrell, Lonrho chief executive, refused to elaborate on why the talks foundered.

## Bath Press may move into France

Cathy Newman

Bath Press Group, the book printer that was founded by the inventor of shorthand, Sir Isaac Pitman, is aiming to expand into France within a year and intends to partly fund any acquisition with a rights issue.

The company, which came to the market two years ago, said yesterday it could spend only around £3m in cash and would therefore need to launch a rights issue if it pulled off its plans for expansion. Bath Press, which bought Proost, the Belgian book printer last August, has already held informal talks with several operators in the French market.

Roy Hill, the company's chief executive, said in the longer term he may look at taking the company into mass-market paperback through acquisition. Bath Press prints academic books and retail non-fiction.

Reporting a 92 per cent increase in pre-tax profits to £5.5m for the year to the end of March, Mr Hill said yesterday he would order a £1.8m printing press in Glasgow towards the end of the year and a new binding plant would be installed in the Bath centre this month.

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## COMMENT

The truth of the matter is, that while utility regulation may be in need of some institutional reform, its underlying foundations are essentially sound'.

If in doubt, order a review. In a move worthy of that great fictional civil servant, Sir Humphrey Appleby, all those weird and wonderful ideas Labour toyed with while in opposition to address the supposed excesses of the privatised utilities – profit sharing, sliding scale regulation and the like – are now to be subjected to a thorough going review. And by civil servants no less. It can be said with a reasonable degree of certainty that by the end of the process, most of these suggested innovations will have been quietly buried.

So mature, considered and generally unrevolutionary did Margaret Beckett's speech on regulatory reform seem yesterday, that for all we can surmise, Sir Humphrey must already have had his way and persuaded the new President of the Board of Trade to back away from all that was said while on the other side of the fence. Rate of return regulation is ruled out entirely. Executive remuneration is a matter not for regulators but for the companies themselves, she says in words that might have come straight from the lips of John Major. She's also going to stick with the idea of independent regulation, free from political interference.

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ulators certainly needs to be curtailed. Under its own steam, however, price cap regulation is now delivering for customers in exactly the way it was always intended to. As with so many other things, it all came too late to help the Tories.

## Brown won't be able to please everyone

Gordon Brown has lots of constituencies to please in tomorrow's Budget. For the markets, he needs to produce a fiscally responsible Budget. For industry, it has to be business friendly – lots of measures to help investment and offset the effect of the expected abolition of tax credits on dividends. For Old Labour, it has to be a Budget with a social conscience. Measures to help the poor, reduce unemployment and crack down on the fat cats will have to be included alongside anything that helps business.

Then there are the economic pundits, a small but hard-to-please elite of economists. Only a raft of measures to dampen down the consumer boom and halt sterling's runaway appreciation will satisfy them. And finally there's Middle England, or New Labour. This is the most difficult constituency of all to square with the others. It expects some fiscal tightening but not that much. Dress it up in green clothing and it becomes that much more acceptable. But at what point does fiscal tightening become a breach of

Labour's election promise not to increase taxes? Hit new Labour voters too hard, and they'll start complaining.

So to use a dreadful old cliché, Mr Brown has got quite a tightrope to walk. Having now discovered a "black hole" in the public finances, largely artificially, it has to be said, he's got to fill it. He's also got to find money for reform of the tax and benefit system and to fund all those investment incentives that industry is confidently looking forward to. At the same time he's got to raise money to soak up some of those building society and insurance windfalls, taking it out of the economy altogether. And finally he's got to do all this without giving the Conservative opposition ammunition to be able to say, credibly, we told you so. If he pulls all that off, he really will be a Chancellor to remember.

## FitzGerald's strategy will take some time

Unilever's sale of its John West canned fish business to Heinz seems to lay at least one stock market canard to rest – that it might use the £5bn proceeds from the sale of its specialty chemicals business to take a tilt at the Pittsburgh baked bean Leviathan itself. It wouldn't make a lot of sense to sell your unwanted businesses to a company you intended to bid for.

Unilever's chairman, Niall FitzGerald, has been playing a good guessing game with the

City for weeks now. He has told Unilever watchers to expect the unexpected and Heinz has been one of a raft of names linked with his shopping list. With Heinz now seemingly ruled out, perhaps the rumour mill will turn to other US consumer goods companies, like Campbell Foods and CPC.

Or maybe not. Actually, Mr FitzGerald has persistently stressed since announcing the specialty chemicals disposal his intention of rebalancing group assets towards the mouth-watering opportunities in emerging markets such as the Far East and central and eastern Europe. Buying Campbell would not achieve that aim. And even CPC, which is more international than most, still makes half its profits in mature markets such as the US and Europe. The difficulty for Mr FitzGerald is that while the City keeps looking for the big deal, his alternative strategy is going to take some time to realise. Most branded goods companies in emerging markets are family owned and relatively small. In any case, Mr FitzGerald wants to build his own brands in these markets.

While there might be a few deals long the way, therefore, much of this development is bound to be organic. It is something Coca Cola has been doing for years – starting from scratch in new markets and building the brand. The problem is that Unilever has a bit of ground to make up. Only a third of its profits come from emerging markets. Meanwhile, earnings dilutive £5bn will keep burning a hole in Mr FitzGerald's pocket.

## IN BRIEF

## gas market to start early in Scotland

The next phase in the opening of the domestic gas market will start on 1 November, giving choice to 2 million homes in Scotland and the North-east of England, the gas watchdog, Ofgas, said. The date, two weeks earlier than that predicted by independent suppliers, was possible because TransCo, the British Gas pipeline business, was building a separate computer system to manage the process. Full competition across the UK will follow in stages, ending with London and Surrey on 19 June 1998.

## Midlands dampens competition hopes

Midlands Electricity cast doubt on the cost savings from domestic electricity competition, which will begin next April. In one of the most damning public attacks so far by a regional power company, Mike Hughes, chief executive, warned: "Profit sharing is both bureaucratic and it puts up costs. It damages incentives and it pushes up prices."

Owfat, the water watchdog,

also cast doubt on the system.

"The question is whether that

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Another concern was that

pre-payment meter customers

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"We must ensure that competition

provides a better deal for all

consumers, including the poorest," said Mrs Beckett.

Mr Spofforth said it was

impossible to have "invisible

cross subsidies". "There's no

point in trying to fight for things

that are not possible any more."

## TV watchdog cracks down on sales staff

The ITC moved to prevent cable and satellite operators issuing misleading information about their competitors. The watchdog has told cable and satellite companies that some employees had distorted subscribers' decisions by giving "misleading and degrading information" about their competitors. The ITC has now asked licensees to train and monitor sales and subscriber management staff, and to maintain a register of complaints from competing service providers.

## Norwich Union appoints finance director

Norwich Union has appointed Michael Biggs as finance director, a fortnight after the life insurer's flotation. Mr Biggs is currently group director (international) for Norwich Union and he succeeds Richard Hervey, who will become group chief executive of the company in January 1998. Responsibility for Norwich Union's international businesses will be assumed by Tom Fraser, who joined the company from Ernst & Young two years ago.

## Biocure buys needle disposal company

Biocure Holdings has bought a company roughly twice its size, Needles Incinerator Company (NIC), a specialist in the on-site disposal of medical biohazardous waste which has developed an innovative needle disposal system. Biocure is paying for the deal by issuing 100,537,578 new ordinary shares to the current shareholders of NIC, valuing NIC at around £27.7m.

The company is also changing its name to Medisys, and has appointed Michael Coy, Brian Timmons and James Chan, directors of NIC, to the board of Biocure as managing director, finance director and commercial director respectively.

Biocure is also delisting from the Official List and transferring to AIM. It will hold an EGM on 25 July to seek shareholder approval, and dealing on AIM will start on 28 July. NIC's needle disposal products are forecast to have a big impact in the US and Mexico. NIC made losses of £668,000 in the year to 31 May 1996, and losses of £90,000 in the seven months ended 31 December 1996.

## Abbey National opens branch in Safeway

Abbey National is to open its first in-store bank branch in a Safeway supermarket as part of the cooperation deal between the two companies. A branch of Abbey National would be opened in Safeway's Leicester store on 15 July for a one-year trial period, and would offer a wide range of personal financial services, the two companies said.

In March, Abbey National and Safeway launched the ABC Bonus Account as a debit account for Safeway shoppers. "The two companies are working together to provide an integrated package of jointly-branded financial services, from personal loans to household insurance, as well as developing technology to provide further in-store financial facilities," they said.

## P&amp;O expecting ruling on ferry merger

Lord Stedding, chairman of Peninsular & Oriental Steam Navigation, said he hoped for a decision this week from the Government on the proposed merger between the company's and Stena Line's cross-Channel ferry operations. He added that it was not concerned by decision last week by Margaret Beckett, President of the Board of Trade, to block the takeover by Bass of Carlsberg-Tetley, as the deal was in a "completely different category". However, he recognised that the rejection was "a very unusual decision".

## WPP feels sterling impact on revenues

WPP Group said world-wide revenues in the first five months of 1997 were up more than 7 per cent, while the impact of strong sterling meant that reportable revenues were down slightly for the period. Overall, the advertising group said it was ahead of budget and ahead of last year in a "sound" trading environment.

Sterling has strengthened considerably, in WPP's case on average by 8 per cent, not only against the US dollar but even more so against continental European currencies and the Japanese yen, and as a result, reportable revenues were slightly down, the company said.

It said it achieved stronger revenue performances than the average in Latin America, Asia Pacific and the United States. Europe grew by about 6 per cent with some signs of a strengthening in continental Europe.

## Bank of Scotland agrees bid for EFT

The Bank of Scotland announced an agreed £89.5m bid for EFT, a Glasgow-based leasing group. The offer is worth 175p a share in cash, with a five-for-11 share alternative. The bank, which has the support of holders of 9.72 per cent of EFT shares, intends to merge the group with its existing British Linen Leasing operation.

## Beckett tamed by the watchdog mandarins

## COMMENT

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## DTI plans review of utility regulation

Chris Godsmark  
Business Correspondent

The Government yesterday pledged to redress the balance between utility customers and shareholders with a review of how privatised companies are regulated, but admitted that the main planks of the existing system were likely to be preserved.

Key plans to ensure poorer consumers did not come out worse off from emerging domestic energy competition also ran into immediate conflict from the Clare Spottiswoode, the gas regulator, who warned against one group of customers subsidising another.

Margaret Beckett, President of the Board of Trade, said the interim arrangements review, which would take several months, would look at all aspects of the way the privatised utility companies were regulated from price controls and dividends to consumer representation. The results would then go out to public consultation.

She said privatisation had given the impression that share-

holders interests came first and any changes would leave a "very tough" regime. "Satisfied consumers are the key to regulatory stability. The balance between the returns to shareholders and those to consumers from efficiency gains is part of this debate."

One option, trailed by Labour before the election, was to introduce annual profit sharing to cream off any excess profits which were not intended to emerge under longer-running price regimes. It would work alongside the existing price cap system, which critics have argued led companies to "gold plate" their networks.

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he was to introduce annual profit sharing to cream off any excess profits which were not intended to emerge under longer-running price regimes. It would work alongside the existing price cap system, which critics have argued led companies to "gold plate" their networks.

The profit sharing plan ran into swift opposition from Mid-

lands Electricity, the US-owned regional power company. Mike Hughes, chief executive, warned: "Profit sharing is both bureaucratic and it puts up costs. It damages incentives and it pushes up prices."

Owfat, the water watchdog, also cast doubt on the system. "The question is whether that reduces incentives so customers get a larger share of a smaller cake," said a spokeswoman. A DTI source later stressed the need for regulatory consistency, describing Owfat's voluntary system of profit sharing as "slightly bonkers".

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vestors, with the benefit that all shareholders would share in the gains. The move, which has to be carried out by 11 August, will cost the company £134m based on Friday's closing share price of 764.5p.

The restructuring involves issuing shareholders with a new ordinary share worth 62p and a new class of "B" share worth 38p for every existing share with an issued value of 100p. Severn Trent will offer to buy back all the B shares, free of commission charges, through merchant bankers Schroders. The company will also consolidate the ordinary shares, giving investors 19 shares for every 20 held.

Mr Costin did not discount the possibility of further buy-backs after the windfall tax.

He said the capital restructuring was the most efficient way to hand back cash to in-



# Why the Bank of England was right on interest rates after all

**S**wrong and the Bank of England was right after all. When Mr Clarke blocked the Bank from increasing interest rates two years ago in summer 1995 the popular judgement was that he was proved right by subsequent events. The economy did seem to be growing more slowly and the rise did not seem to have been needed to slow it further. We all know that Mr Clarke was wrong to block the Bank from increasing interest rates in the run-up to the election; but the accepted wisdom has been that on that first occasion he was right. Indeed, even the Bank softened its line and tacitly admitted it had been wrong to press for such an early increase in rates.

Now we know the Bank was right. Last week, long after the event, the statisticians announced they had discovered the economy had been growing more rapidly than they thought. GDP is now 1 per cent higher than they estimated and most of the revisions refer back to 1994 and 1995.

To many of us this did not come as a great surprise. Statisticians have found it difficult to measure activity in the service industries and usually have to upgrade their estimates. Intuitively, it felt as though the economy was expanding quite fast even when the figures did not confirm that, but economists are trained to look at figures rather than go out and find out what people are saying and doing. Last week's revisions to the data show they should have believed their instincts rather than their screens.

At one level this is all good sport: it is nice to poke fun at economists earnestly analysing data that turns out to be completely wrong. But it does carry less agreeable implications for future policy, because if policy was not tightened early enough, it will have to be tightened more now. We all knew

interest rates should have gone up last winter, but the delay was only a few months, which is none too catastrophic. Now it is becoming clear that policy should ideally have been tightened earlier – like when the Bank originally wanted to – if the present expansion is not to get out of control.

Or at least that is the new popular wisdom. Because growth has been faster than once thought and because the economy is now larger than thought, it is close to full capacity. It follows that growth has to be pulled back to its trend rate, 2.3-2.4 per cent, if there is not to be an inflationary boom. This is the background to the calls for Mr Brown to take steps in the Budget to cool the housing market and check the growth of consumption.

Anyone arguing this, though, ought just to consider one small possibility. Maybe the new data we are considering is just as flawed as the old.

The particular data here that are relevant are those for the capacity of the economy. In a predominantly manufacturing economy there is a clear limit to capacity: plants can produce a certain amount of output and if demand exceeds that, then there is a combination of a rise in imports and a rise in inflation as buyers compete for scarce products. But in a service economy capacity is a more elastic concept. Of

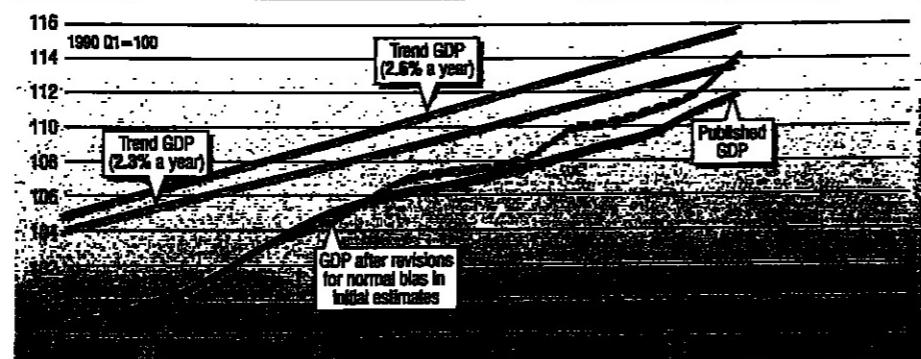


Hamish  
McRae

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course there are finite limits, but not only are these less clear-cut; it is also possible to increase capacity more quickly. Indeed with some service products, like computer software, capacity can be increased very rapidly and almost infinitely.

How close is the UK economy to full capacity?



Not only is the ceiling on capacity softer than before; it is also at least possible that it may be growing faster than was previously thought. The historical growth rate of the UK economy has been around 2.3 per cent, though in the 1980s it actually grew at 2.5 per cent. If you take 2.3 per cent and start from 1990, you can show that we are already at full capacity now. Have a look at the graph, derived from some work by Goldman Sachs. If the old data had been correct there would still be some spare capacity, though the gap would be narrowing. Allow for the revisions to the data and we are already hitting the 2.3 per cent trend line drawn by Goldman.

On the other hand, if the underlying growth capacity had risen to the 2.6 per cent trend line that I have drawn in, there would be some spare capacity even allowing for the new evidence on growth.

Which view is right? It matters for policy. If the former is correct there is a serious and immediate problem. If growth is not slowed quickly we will run into an inflation problem very soon. But if the latter is correct, then growth will have to be checked over the next 18 months; there is less of an immediate danger.

There is certainly some problem, for consumption is rising very rapidly (witness the figures yesterday) and the

housing market has an inflationary fizz to it. Further cause for concern comes from the money supply figures, also released yesterday, which show broad money rising at an annual 11 per cent. If you let money supply rise that fast you are going to get a housing boom. So whatever view you take on capacity, there is a case for higher interest rates.

But there is also quite a bit of evidence that there is no general capacity shortage yet. Unemployment has come down sharply, but the past three months have seen a modest decline in the rate of earnings growth, not a rise as you might have expected. What seems to be happening is that the demand for labour is pulling back into the labour market people who had become discouraged from seeking employment, like middle-aged women and early-retired men. This has enabled firms to carry on hiring without pushing up wage rates too much. There are specific labour shortages, but not on a sufficient scale to lead to a general surge in pay rates.

Nor is there a problem on the balance of payments. True the very last monthly figures did show a jump in imports, but the current account was in solid surplus during the first three months of the year. Given the rate of growth of the economy over the past three years you would expect to see some sign of a deterioration during this time. But in fact the current account has moved from deficit to surplus. There may be a problem in the future but there is little evidence of it now.

Given the boom/bust history of recent years there is no cause for complacency. This is the stage of the cycle where we get things wrong. But given the scale and duration of the expansion, now in its sixth year, things appear quite benign – and would have looked even more benign had the Bank won that little spat with Mr Clarke two years ago.

Since Alan Sugar is willing to spend £1m on hiring June away from Middlesbrough, another rumoured investment by the Spurs chairman, a paltry £400,000 in Sunday Business, the newspaper, appears small beer in comparison.

But a spokesman for Mr Sugar insists the latter is merely a rumour "that has been doing the rounds for the last three weeks. There's nothing in it. Alan Sugar has had enough trouble with journalists over the years. I hardly think he wants to start employing them."

Yesterday Mr Sugar was at the last extraordinary general meeting for Amstrad, his creation which is to cease trading. What's left of it has been acquired by Viglen Technology. His spokesman assures me it is footy only for Mr Sugar from now on.

Now NatWest Markets is leaking telecoms analysts as well as chief executives.

Mark Lambert, who leads NatWest's highly rated telecoms team, is defecting to Merrill Lynch, along with Jo Oliver and telecoms equity salesperson Katie Still.

Mr Lambert and co will join Merrill's telecoms team, headed by Chris McFadden, in September. A Merrill spokesman was cock-a-hoop: "We think these are terrific additions. We look forward to adding them to an already strong team." There could be a squabble over who gets the biggest deal, though.

Talking of defecting analysts, Rob Thomas, the building society specialist, left UBS for SBC Warburg two months ago. So it was rather puzzling when I phoned his old number at UBS yesterday, only to hear the following message: "This is Rob Thomas. I'll be out of the office until the end of April."

A bit longer than April, I think.

One would have thought that if a company had gone

## PEOPLE & BUSINESS



End of an era: Alan Sugar has a footy-only future

through bad patch then it would be only too pleased to forget all about it. But the Investor Relations Society awards last Friday at the Hyde Park Hilton opened up a wardrobe full of skeletons.

John Himmepfus from the Today programme was handing out the prizes and BP seemed to win most of them, including Best Company and Best Annual Report. So far so good. Then came the prize for "which company's investor relations department had performed best in crisis management".

The three nominations were National Westminster Bank, Yorkshire Water and Matthew Clark. These names were read out to stunned silence. Were they really going to raze up NatWest's £50m options black hole, Yorkshire's leaks and Matthew Clark's profits warning?

Matthew Clark won. Then came the award for corporate governance – would it be ETR or Enmap?

At these names there was a gasp of incredulity – wasn't Enmap the company which last year sacked a boatload of non-executive directors?

The bemused guests were able to recover by dancing the night away with a band doing a creditable rendition of Spice Girls songs.

Good news for those who work in Canary Wharf in London's Docklands (and that includes *The Independent*). Yesterday a boat service started up between the pier at London Bridge and Canary Wharf, costing £1 each way and running half a dozen times a day.

This promises to be a popular alternative to the Docklands Light Railway, especially with BZW joining Morgan Stanley and Credit Suisse in Docklands.

Ogilvy & Mather, the smooth advertising people, already have their own river bus, *H&M*, which they brought with them six years ago when they moved to Docklands. Canary Wharf used to run a riverbus, but this went bust around the time Canary Wharf did, before the banks stepped in to the rescue. There is some mystery over whether O&M pays anything for its boat or whether it is a "sweetener" offered by Canary Wharf.

There is another puzzle. Tidal Cruises, the company operating the new river boat service, is only contracted to serve people who work in Canary Wharf. Who will they tell who is eligible? Will everyone in BZW have to have it stamped on their foreheads? We'll have to wait and see.

Andrey Carroll, one of the few analysts at struggling Manchester stockbroker John Siddall, is leaving to join a number of former colleagues at breakthrough broker WH Ireland. The latter has snapped up a number of former Siddall people, including Laurie Beever, since it set up shop a year ago. This will not amuse Siddall's new owners, an AIM start-up called Integrated Asset Management, chaired by Swiss banker Ferdinand Lips.

John Willcock

## Foreign Exchange Rates

Starting	Dollar	D-Mark					
Country	Spot	1 month	3 months	Spot	1 month	3 months	Spot
US	106.43	14.12	14.23	100	—	—	107.99
Canada	2.2860	85.65	85.67	137.98	82.31	82.35	114.97
Germany	2.9001	84.83	85.21	126.65	85.38	85.75	100.00
France	9.7710	256.257	257.789	59.710	198.173	202.410	100.00
Italy	1.2780	10.52	10.54	11.44	10.51	10.53	10.50
ECU	1.4785	80.57	80.59	114.43	14.15	14.47	105.00
UK	5.8522	85.15	85.21	82.50	85.15	85.21	82.50
Denmark	10.0327	277.269	282.629	136.90	125.22	125.27	124.44
Netherlands	1.0203	85.55	85.57	85.03	85.22	85.25	85.00
Iceland	1.0203	85.43	85.45	82.07	85.43	85.45	82.05
Norway	12.184	351.322	352.958	72.928	147.92	148.52	142.00
Spain	24.4772	234.945	235.275	22.784	22.784	22.784	22.784
Sweden	2.2251	104.05	104.05	121.45	145.79	145.83	145.79
Australia	2.2228	84.3	84.3	82.50	82.50	82.50	82.50
Hong Kong	12.954	34.23	34.23	32.40	40.20	42.15	44.00
Malaysia	2.2228	84.3	84.3	82.50	82.50	82.50	82.50
New Zealand	2.4557	2.5	2.5	2.474	2.474	2.474	2.474
Saudi Arabia	2.4557	2.5	2.5	2.52	2.52	2.52	2.52
Singapore	2.3797	49.44	53.161	102.58	53.16	53.53	102.50

## Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	0.8568	0.8569	Nigeria	14.0588	85.0000
Brazil	20.0460	20.0460	Iran	0.3429	0.3429
Chile	1.0714	1.0714	Pakistan	0.7250	0.7250
Egypt	8.2507	8.2507	Portugal	0.8580	0.8580
Finland	5.6569	5.6569	Spain	0.8576	0.8576
Greece	4.5721	4.5721	Sweden	0.8576	0.8576
India	55.8000	55.8000	Switzerland	0.8576	0.8576
Kuwait	0.9053	0.9053	UK	1.3571	1.3571

Forward rates quoted high to low at a discount: subtract from spot rate

Rate quoted low to high at a premium: add to spot rate

\*Dollar rates quoted as reciprocals.

For the latest foreign exchange rates call 0891 123 3033.

Calls cost 50p per minute.

## Interest Rates

UK	5.65%	2.50%	US	8.50%	Japan	0.50%
France	4.50%	4.50%	Discount	5.00%	Belgium	2.50%
Intervention	3.00%	Canada	4.75%	Denmark	2.	

## Light Blues have the talent to darken Oxford's day

The most ancient of international enemies might be about to lock horns at Old Trafford again this week, but the oldest first-class fixture of all is at Lord's tomorrow when Cambridge meet Oxford in the 152nd Varsity match.

While many would say it is well past its sell-by date, and that the first class status accorded to the universities is an anachronism in this professional age, it has nevertheless been an encouraging season for both teams. Oxford enjoyed their first win over a county since 1993 and their first over Glamorgan

since 1930, while Cambridge have lost only one of their seven county matches.

The Light Blues have had the edge since 1827 when it all began, but Oxford have been in control over the past five years, winning two games to one and, in the drawn match last July. This year Cambridge start marginal favourites by virtue of their stronger batting, led by Ed Smith who has been top of the national averages for much of the season following an outstanding 190 against the county champions, Leicestershire.

The teams in the 152nd Varsity match will be captained by players who went to the same school. Adam Szczerba reports

Another Cambridge batsman, Will House, will be battling with Smith for a place in Kent's team before the season is out, but if either were in need of guidance before then, they could do no better than their own coach at Fenner's, Derek Randall. The Varsity match might not quite compare with the centenary Test of 1977 in Melbourne, and Randall's heroic 174, but the former Nottinghamshire man is looking

forward to tomorrow's match. "It's a big game for us," Randall said. "I'm a little worried that we've missed so much cricket in the past month because of exams and the weather, but confidence is high and we're looking forward to a good contest. There's always a lot of commitment in the Cambridge side and we're very lucky in that we've three or four top-line cricketers who could go on and play for England."

of Manchester Grammar led Cambridge against John Crawley's elder brother, Mark. But Wagh is quick to play down any talk of personal rivalry clouding the main issue: "It's no more than with any other player," he says. "We've generally played in the same side and always wanted the team to do well, and whether gets runs hasn't really mattered."

Oxford will be heavily dependent upon Wagh, who scores centuries in each innings of the Glamorgan match and added another against Somerset at the weekend. He

is also a useful off-spinner, in support of the opening bowlers James Averis and Chetan Patel, who took a hat-trick against Hampshire earlier in the season.

Wagh himself is happy for Oxford to be cast in the role of underdogs. "I think Cambridge have got some very talented cricketers and they've got a lot of experience which is obviously a bonus at this level," he said. "But during the winter our guys invested quite a lot of time in this season, so this match means a lot to them."

## Australians set fair for Old Trafford

**DAVID FIELD**  
reports from Southampton  
Hampshire 156 and 176  
Australia 465-8 dec  
Australia win by 133 runs

The Australian captain, Mark Taylor, left for Manchester last night a very contented man. His batsmen are mainly in the runs, his quick bowlers are firing, and everything is coming together nicely before the third Test at Old Trafford.

Even the current wet weather held off for the Australians to wrap up only their second first-class tour victory in three hours. An hour later steady rain set in, and Taylor said: "We're starting to turn the corner, playing the sort of cricket I know this team can play. Morale has been good since Lord's."

"We couldn't have got much more out of this game than we did, and did everything pretty well right. This is the kind of performance we've got used to on the last two tours, when we came out and dominated games in the first hour's play. And it's been enjoyable. On other tours when we've played a lot of cricket, you're praying for rain, but not this time because the bad weather has come so early."

After a three-day wash-out in our last match at Oxford, I thought we might be a bit slow but Jason Gillespie, Mike Kasprowicz and Paul Reiffel bowled really well. They all congratulated each other afterwards, and that's the sort of spirit I want to see in a touring team. We've got 17 guys to pick from. The worrying thing is to get it down to 11. It's a good thing to happen; it's something that hasn't happened on tour."

The final day against Hampshire was really a straight fight between Gillespie and Kasprowicz for the one place still open to debate in the Australian side, with Reiffel seemingly certain to play. Gillespie sent Hampshire into a downward spin with a spell of 3 for 7 in eight overs before lunch, but Kasprowicz took three wickets afterwards to complete the formalities.

Hampshire resumed at 71 for 2, still 238 short of making Australia bat for a second time, but once Jason Laney (30) fell to Reiffel after 40 minutes the rest of the innings ebbed away. Gillespie, 5 for 33 in 13 overs, ran in fast and accounted for Robin Smith, after a fighting effort of 44 in two and a half hours. The erstwhile England man was eventually undone by the bounce and sliced a catch to Shane Warne at wide third slip.

Will Kendall and captain John Stephenson, Yorked for a first-ball duck to complete a pair, also fell into Gillespie's clutches. Shaun Udal (21) held up the tourists as black clouds converged on the ground, but Warne spun a delivery round his legs, and Kasprowicz knocked out Simon Renshaw's middle stump to complete a post-lunch spell of 3 for 32 and round off an impressive and timely bowling performance by Taylor's fast men.

Stephenson had chosen to bat on a wet pitch on the first day because "he wanted to do it for England". With rain forecast, his plan was to bat for a long time and deny the Australians time in the middle but, being shot out for 156 in 49 overs, it was a ploy which backfired.



Mark Kasprowicz clean bowls Hampshire's Stuart Milburn during Australia's victory at Southampton yesterday

Photograph: Peter Jay

### Lancashire inspired by Flintoff Round-up

Andrew Flintoff, who captained the England Under-19 side in Pakistan last winter, made a career-best 70 from 101 balls to set up Lancashire's first Championship victory of the season by three wickets against Worcestershire at New Road yesterday.

Set a generous target of 236

in 64 overs by Tom Moody, Lancashire recovered from 64 for 5 and eventually got home with nearly 12 overs to spare. Flintoff hit 10 fours and a six in his second Championship appearance.

None the worse for a stomach problem which required hospital attention on Saturday, the Preston-born all-rounder virtually won the match in a seventh-wicket stand of 98 in 21 overs with Warren Hebb. Flintoff was then lbw to David Leatherdale, but Hegg remained unbeaten on 54.

Kevin Curran saved Northamptonshire who drew their one-innings game against Gloucestershire at Luton. Curran took 4 for 69 to help restrict his former county to 180 for 7 declared, and then scored an unbeaten 32 as Northamptonshire crumbled to 58 for 6. But the weather had the final say, denying Gloucestershire a 12-point bonus.

There was no further play at Headington between Yorkshire and Middlesex, and no play for the fourth day at Grace Road. Leicestershire and Warwickshire were awarded three points each.

## Surrey's spinning throwbacks

**DAVID LLEWELLYN**  
reports from The Oval  
Surrey 201-9 dec & 123-6 dec  
Notts 73-1 dec & 120  
Surrey win by 131 runs

Shades of the Fifties at The Oval as Saqlain and Salisbury sent Nottinghamshire reeling to defeat yesterday. Just as Laker and Lock used to bemuse and beguile sides in the heady days when Surrey won everything, so leg-spinner Ian Salisbury and off-spinner Saqlain Mushtaq spelled Notts up in, well, knots.

Salisbury finished with sum-

mer-best figures of 6 for 19 off 18.1 overs, the last wicket falling with five balls remaining. Saqlain's impressive return was 2 for 34 off 20 overs and it all contributed to give Surrey their first Championship win of the season.

There was some thoughtful captaincy by Adam Hollioake, who kept the pressure on the batsmen, switching the spinners from one end to the other and swapping his field around incessantly. By the end Surrey had all nine fielders around the bat, in addition to wicketkeeper Jamie Knott, for the spinners.

The whole thing was set up, beginning with Nottinghamshire's declaration on their overnight score. The plan was for Surrey to set a target of around 250, but they threatened to make a pig's ear out of it. While Surrey, thankfully, did not have to contend with what has been termed flighted filth, they did have to cope with

some awkward stuff from the likes of Kevin Evans and Franks.

At 66 for 5 it even looked as if they might not have to declare but after lunch Knott managed to hang on at one end while Chris Lewis unleashed a flurry of cultured strokes which left a target of 252 off 59 overs.

Surrey are a hard side under the leadership of Hollioake. They seem to thrive on attrition, wearing down the opposition. Their lack of success this season is as much to do with the weather as it is with under-achievement or over-confidence.

### CRICKET SCOREBOARD

Hampshire won toss  
**HAMPSHIRE** - First Innings 156.  
Bowling: Bicknell 11-3-30-1; Lewis 7-10-20-1; Salmon 14-1-33-32; Scott 12-1-11-19-8; A J Hollings 1-1-0-0.  
Umpires: J H Hampshire and N T Potts.

**WORCESTERSHIRE v LANCASHIRE** - Second Innings

WORCESTERSHIRE, Lancashire (151) beat Worcestershire (60) by three wickets.

**WORCESTERSHIRE** - First Innings 100 for 7 dec.

**LANCASHIRE** - First Innings Forfeited  
T S Curtis not out ..... 77  
W C Russell not out ..... 31  
J P Morris not out ..... 55  
Extras (lb, nbo, nb6) ..... 16  
Total (for 7 dec, 54 overs) ..... 186  
Total (for 7 dec, 54 overs) ..... 186  
Extras (b4, lb4, nb6) ..... 16  
Total (for 7 dec, 54 overs) ..... 186  
Fall (cont'd): 3-91 4-111 5-111 6-114  
7-143 8-211 9-160.

**WORCESTERSHIRE v LANCASHIRE** - Second Innings

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# Spurs increase ante for Juninho

## Football

Confusion reigned over the Juninho transfer saga yesterday, with Tottenham and Atletico Madrid both claiming that they have agreed to sign the Brazilian international.

Tottenham, who have offered £11m, appeared yesterday morning to be favourites, as they were the only club to have had an offer officially accepted by Middlesbrough. But the Spanish newspaper *Marc* reported that the Spanish side, who had a £7.5m offer termed "derisory" by the Middlesbrough chairman, Steve Gibson, have secured a deal that would cost them £14.5m including wages. The player is due return from Brazil for pre-season training at the Riverside tomorrow.

As far as Middlesbrough were concerned yesterday, Tottenham

were the only club in the race. It's obviously up to Juninho to meet up with Tottenham and see if he can agree personal terms with them," a spokesman for the club said. "There were other clubs interested but Tottenham were the ones who have put in a bid that we have accepted."

Manchester United have been spared an appeal through the courts to keep the Czech international, Karel Poborsky, at Old Trafford. Poborsky looked to have fallen foul of the work permit clause that prevents renewal if a player has not appeared in a minimum 75 per cent of first-team games, but the Home Office has ruled Poborsky can stay on for another year.

Thomas Broich, out of favour at Leeds, yesterday denied reports linking him with a £2m move to French champions, Monaco. The Swedish international's agent, John Smith, confirmed

that several clubs were interested – but that his likely destination was not the south of France.

The former Barnet manager Terry Bullivant has been named as the new manager of Reading. Bullivant, 40, has been followed from Barnet by the former Charlton and Crystal Palace midfielder, Alan Pardew, as reserve-team coach. Lincoln's assistant manager, John Still, was named as Bullivant's replacement at Barnet.

Norwich City have signed the out-of-contract Oldham Athletic captain Craig Fleming in a £600,000 deal.

Brighton and Hove Albion

are unhappy at their treatment

from the Football League, which has called a meeting for 24 July to decide whether the Sussex club should be expelled after failing to pay a £500,000 security bond by an agreed deadline last month.

"When we got the original

wording [of the bond], it was unacceptable to us," a Brighton director, Martin Perry, said. "We could have lost the £500,000 if a game had been abandoned due to circumstances outside our control, like the weather. The next thing we knew, the League had issued a statement and we couldn't get hold of anyone on Friday evening to discuss it."

**Bolton set to sign £3.2m Elliott**

Bolton Wanderers will break their transfer record today by signing the Newcastle United left-back Robbie Elliott for £3.2m, writes Alan Nixon.

Elliott flew to meet Bolton's manager, Colin Todd, who is holidaying in Portugal, after a price was agreed between the clubs.

He returned last night to complete the formalities. Elliott, who was entering the last year of his Newcastle contract, will sign a four-year deal worth more than £1m. Newcastle will use the money towards funding future signings – possibly Paul Ince and Crewe's Danny Murphy.

It was agreed yesterday that



Ronaldo delivers the decisive blow and

Brazil's second goal in their 3-1 victory over Bolivia in Sunday's Copa America final. The

world

champions succeeded in overcoming the difficulties of playing at 3,600m above sea level in La Paz

Photograph: Empics

# Robson stays at Barcelona

Bobby Robson will remain at Barcelona next season – which will disappoint Celtic, who had hoped to name him as their new head coach this week.

The former England manager is staying in Spain despite yesterday's confirmation of Louis van Gaal as the new coach of Barcelona. Robson, who still has a year left on his two-year contract, will stay on to supervise new signings in a new coaching set-up at the Nou Camp club.

"I've asked Barcelona to use a new structure," said Van Gaal, the former Ajax coach, who will work alongside Robson in the new system. A third, as yet unnamed, coach, will manage the extensive junior team network and make joint decisions in what Van Gaal described as "a kind of triumvirate".

The Dutchman added: "For the media the short term is important – but for me the long term is important."

Robson said: "I can tell you that Louis van Gaal will get 100 per cent support, loyalty, and honesty and, if there is anything I can do to make his job easier, then he can rely on me."

Van Gaal added he would like to keep Ronaldo, the top Brazilian striker who is wanted by Internazionale of Italy. "I'd like to continue with Ronaldo," Van Gaal said. "If he goes, I'll have to find somebody who fits into the team."

Fifa will decide whether Ronaldo is free to move from Spain to Inter. The sport's world governing body has received an official request from the Italian club to investigate the proposed transfer, and now its players' status committee will have to decide if the 20-year-old is free to move to Inter after paying over £17m to free himself from his Barcelona contract.

Fifa rules state that a player cannot buy out his contract for the purposes of obtaining an international transfer, and the Spanish Football Federation has refused to issue a transfer certificate as the deal has not been negotiated by the two clubs.

Despite reports linking him to a coaching role at Sheffield United, Chris Waddle is eager to secure the managerial post at Burnley vacated by the departure of Adrian Heath to Everton as assistant manager.

Since being freed by Sunderland, the former England international has had talks about playing deals with Bradford City and Barnsley, while Stockport have short-listed him for their managerial vacancy.

Burnley have also made an approach to the former Everton manager Joe Royle, but he is not yet ready to return to management.

West Ham are poised to sign

the Hungarian international goalkeeper, Szabolcs Safar, from the Budapest club, Vasas.

## RESULTS

**PONTEFRACHT**  
2-4-5. 1. SUWEZ LA TRAGE (Carroll) 6-2;  
2-5-6. 2-3. 3-4. 4-5. 5-6. 6-7. 7-8.  
Totes: 11 mln. 2-1. 3-2. 4-3. 5-4. 6-3. 7-2.  
Dust Forecast: E24.20. Computer Straight Forecast: £25.46.  
Time: 22.10.

2-3-1. 1. CAPTAIN FANTASY (W. Williams) 20-2;  
2-4-5. 2-3. 3-4. 4-5. 5-6. 6-7. 7-8.  
Totes: 11 mln. 2-1. 3-2. 4-3. 5-4. 6-3. 7-2.  
Dust Forecast: E27.67; E5.70; D5.21. Tricest: E10.10. CPS: £12.65. Tricest: E52.98. Time: 22.10.

2-3-1. 1. CROWN PRINCE (M. Muller) 19-1;

2. 4-5. 4-6. 5-7. 6-8. 7-9. 8-10.  
Totes: 11 mln. 2-1. 3-2. 4-3. 5-4. 6-3. 7-2.

Elliot flew to meet Bolton's manager, Colin Todd, who is holidaying in Portugal, after a price was agreed between the clubs.

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Britain's Mark Petchey, who was stretched to breaking point by the former champion Boris Becker on No. 1 Court yesterday

Photograph: David Aschdown

## Novotna swimming against the tide

GUY HODGSON

Like grapes in a supermarket, the women's singles at Wimbledon is becoming seedless. Six fell on Sunday and Monica Seles followed yesterday, which makes the theory that the women's game has less depth than a 20p piece as difficult to stand up as the coin itself.

Jana Novotna, Mary Pierce, Arantxa Sanchez Vicario and Mary Joe Fernandez did not do laps of honour when they took their appointed places in the last 16, but given the way the rest of the fancied runners are per-

forming perhaps they should have done. A seed winning nearly amounts to a shock in the current climate.

No one more so than Novotna, who exudes such a fragile air since her collapse in the 1993 final that you fear she might lose after she's shaken hands on a beaten opponent. She defeated Gala Leon Garcia 6-4, 6-2 although that suggests a commanding performance the impression is wrong. Advantage Miss Novotna was not just a score but a description of a player who was nearly as bad as she was good.

"I think it was much better," the third seed said before regressing the flaws. "Nevertheless

as she surveyed the horizon, "I am happy with maybe I was just too focused or too concentrated and sometimes I made a silly mistake. I need to relax and enjoy it." Novotna relax? That will be a state of flux, she replied. "We are seeing a changing of the guard."

As for her own longevity, the 28-year-old Czech attributed it to a fitness regime. "When I look round the locker room the other players don't have that," she said. "I keep telling myself to work hard but also not only to take from your body but give back. That's the important part for staying healthy."

A fully fledged member of the old battalion is Spain's Sanchez Vicario, who has been in the final for the last two years but who was playing so poorly and infrequently earlier in the year she was being likened to Andre Agassi of the women's tour. Now the comparison to Agassi circa 1992, when he won, is looking more valid.

In the first round the slimmed-down eighth seed's 6-0, 6-0 demolition of Clare Wood was more a reflection of her excellence than the former British No 1, while yesterday she swept away Argentina's Florencia Labat 6-2, 6-4 in minutes. The fact she lost only six points on her serve underlined the gulf between them.

"I've started better than past years," Sanchez, who last lost to anyone other than Steffi Graf at Wimbledon in 1994, said. "I feel more comfortable on grass and I've had a good preparation." That included a shared, year-end final, against Novotna at Eastbourne.

Mary Pierce, the ninth seed, was barely troubled by Magui Serna, who was the junior Wimbledon runner-up last year, and who has risen to No 1 in the world rankings in her debut season.

That surge was halted dead in its tracks 6-4, 6-3. She will now meet Sanchez Vicario in what threatens to be the tie of the fourth round.

Tim Henman makes his mark on an admiring fan before practising at Wimbledon yesterday

Photograph: PA

## Cross is happy

Karen Cross and Lorna Woodruffe, the only two

British women to win singles matches at Wimbledon this week, will receive an extra bonus points because world No 44 Wild and Sanchez Lorenzo, ranked No 71, were so far ahead of her on the computer.

The 23-year-old from Exeter started Wimbledon at world No 322 and British No 8, but is expected to climb as high as No 147 next Monday.

Woodruffe, improving all year, started the Championships at world No 242 and British No 5. She gained 49 points in total for beating 18-year-old Swiss prodigy and world No 33 Patty Schnyder in the first round and will jump to No 166.

## DEEDS OF THE SEEDS

Men's singles		Women's singles
Holder: Richard Krajicek (Netherlands)		Holder: Steffi Graf (Germany)
1 RUSTIN (Fra) vs 2 PETROW (Rus) for place in quarter-finals		2 NOVOTNA (Cze) vs 3 MARY JO FERNANDEZ (Usa) for place in quarter-finals
2 RAFTER (Aus) vs 3 KERSEY (Eng) for place in quarter-finals		3 SELES (Usa) vs 4 MARILYN WOODRUFFE (Eng) for place in quarter-finals
3 HORN (Eng) vs 4 HINGIS (Swt) for place in quarter-finals		4 HALEY (Eng) vs 5 JANA NOVOTNA (Cze) for place in quarter-finals
4 KRAJICEK (Neth) vs 5 HINGIS (Swt) for place in quarter-finals		5 LOPEZ (Eng) vs 6 LORRENZO (Spa) for place in quarter-finals
5 HORN (Eng) vs 6 HALEY (Eng) for place in quarter-finals		6 WOODRUFFE (Eng) vs 7 HUNTER (Eng) for place in quarter-finals
6 HORN (Eng) vs 7 HUNTER (Eng) for place in quarter-finals		7 WOODRUFFE (Eng) vs 8 SANCHEZ LORENZO (Spa) for place in quarter-finals
7 HUNTER (Eng) vs 8 SANCHEZ LORENZO (Spa) for place in quarter-finals		8 WOODRUFFE (Eng) vs 9 CROSS (Eng) for place in quarter-finals
8 HUNTER (Eng) vs 9 CROSS (Eng) for place in quarter-finals		9 PIERCE (Eng) vs 10 MARY JO FERNANDEZ (Usa) for place in quarter-finals
9 PIERCE (Eng) vs 10 MARY JO FERNANDEZ (Usa) for place in quarter-finals		10 HUNTER (Eng) vs 11 KERSEY (Eng) for place in quarter-finals
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